

Coordinating Board for Higher Education

Agenda of Meeting

**10:30 AM
Thursday
April 8, 2004**

**Burton Business and Economics Building
William Woods University
Fulton**

CAMPUS BUILDINGS

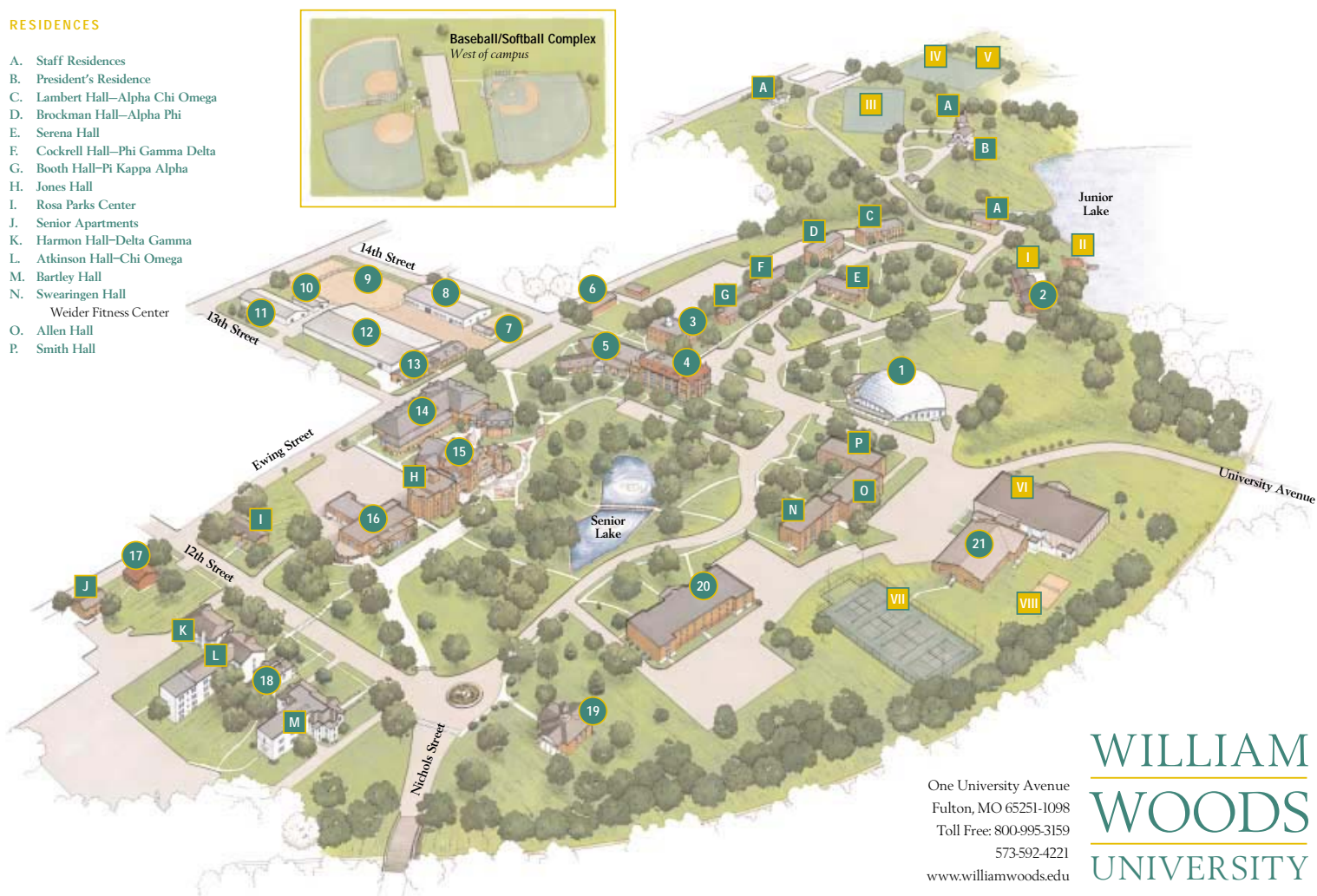
1. McNutt Campus Center (the Dome)
Visitor Information Center
Enrollment Services
Community Life
Safety & Security
Post Office
Cutlip Auditorium
Logo Store
2. Virginia Cutlip Center
Alumni
University Advancement
University Relations
3. Cox Science/Language Building
4. W.S. Woods Academic Building
5. Dulany Library
6. University Information Systems
7. Blacksmith Shop
8. Stables—Hunter/Jumper
9. Outdoor Riding Arena
10. Stables—Dressage
11. Stables—Western
12. Indoor Riding Arena
13. Stables—Saddle seat
14. Gladys W. Kemper Center for the Arts
Mildred Cox Gallery
15. Dulany Auditorium
16. Tucker Dining Hall
17. Health/Counseling Center
18. Fairchild Alumni House
19. Thurmond Chapel
20. Burton Business and Economics Building
Weitzman Model Courtroom
ITP/American Sign Language Lab
21. Center for Human Performance

SPORTS / RECREATION

- I Aldridge Recreation Center
Campus Bowling Alley
- II Junior Lake Dock
- III Firley Soccer Field
- IV Soccer Practice Field
- V Equestrian Cross Country Course
- VI Helen Stephens Sports Complex
- VII Tennis Courts
- VIII Sand Volleyball Court

RESIDENCES

- A. Staff Residences
- B. President's Residence
- C. Lambert Hall—Alpha Chi Omega
- D. Brockman Hall—Alpha Phi
- E. Serena Hall
- F. Cockrell Hall—Phi Gamma Delta
- G. Booth Hall—Pi Kappa Alpha
- H. Jones Hall
- I. Rosa Parks Center
- J. Senior Apartments
- K. Harmon Hall—Delta Gamma
- L. Atkinson Hall—Chi Omega
- M. Bartley Hall
- N. Swearingen Hall
Weider Fitness Center
- O. Allen Hall
- P. Smith Hall



One University Avenue
Fulton, MO 65251-1098
Toll Free: 800-995-3159
573-592-4221
www.williamwoods.edu

**WILLIAM
WOODS
UNIVERSITY**

Directions to William Woods University

Directions From I-70:

1. Follow Interstate 70 to the junction with U.S. Highway 54
2. Take the Fulton exit (#148).
3. Take U.S. Business 54 to Fulton
4. Follow Business 54 to its junction with State Highway Z.
5. The east entrance of campus will be on your right.

Directions From the South:

1. Follow U.S. Highway 54 approximately 25 miles from Jefferson City to Route F (the second Fulton exit).
2. Turn right (east).
3. Travel two long blocks past the first stoplight.
4. Turn left on Nichols Street (a one-way street going north) and continue about 7 blocks.
5. Cross the bridge and take the road to the right.

**Directions to AmeriHost Inn
556 AmeriHost Drive
Phone: 573.642.0077
Fax: 573.642.6465
Fulton**

Directions from North: I-70 to US 54 exit State Route F (Fulton); property approximately 1/4 mile.

Directions from South: US 54 exit State Route F (Fulton downtown exit) approximately 1/4 mile.

Directions from East or West: I-70 US 54 south exit (Kingdom City) approximately 5 miles.

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TIME: 10:30 AM
Thursday
April 8, 2004

PLACE: Burton Business and Economics Building
William Woods University
Fulton

Coordinating Board for Higher Education
April 7-8, 2004
Jefferson City
and
William Woods University
Fulton
Schedule of Events

Wednesday, April 7

11:30 AM	MCCA Presidents/Chancellors Council MCCA Office, Jefferson City
2:00 PM – 3:00 PM	CBHE Work Session Room 490/492, Truman State Office Building Jefferson City
3:00 PM – 5:00 PM	<i>Teaching at Risk: A Call to Action</i> Gaynor McCown, Executive Director, The Teaching Commission Joint Work Session Room 490/492, Truman State Office Building
6:00 PM	COPHE Meeting, Reception and Dinner Hotel DeVille, Jefferson City

Thursday, April 8

9:00 AM – 10:15 AM	Presidential Advisory Committee Meeting Aldridge Center
10:30 AM – 12:15 PM	CBHE Meeting Burton Business and Economics Building
12:30 PM – 1:15 PM	Lunch, provided by William Woods University Aldridge Center
1:30 PM	Resume CBHE Meeting

**COORDINATING BOARD FOR HIGHER EDUCATION
PRESIDENTIAL ADVISORY COMMITTEE**

Presiding – Chairman – Henry Shannon

TIME: 9:00 AM
Thursday
April 8, 2004

PLACE: Aldridge Center
William Woods University
Fulton

AGENDA

	<u>Tab</u>
I. Summary of Proposed Legislation Relating to Higher Education	A
II. FY 2005 Budget Update	B
III. Excellence in Missouri Foundation	G
IV. Update on State Fair Community College's Programming Commitments in Jefferson City	I
V. Summary of April 7, 2004 Joint Work Session: <i>Teaching at Risk: A Call to Action</i>	
VI. Other Items	

**COORDINATING BOARD FOR HIGHER EDUCATION
PRESIDENTIAL ADVISORY COMMITTEE**

**Representatives by Statute
September 2003**

Public Four-year Colleges and Universities

Dr. Bobby Patton
President
Central Missouri State University
Administration 202
Warrensburg 64093

Dr. Henry Givens, Jr.
President
Harris-Stowe State College
3026 Laclede Avenue
St. Louis 63103

Dr. David B. Henson
President
Lincoln University
820 Chestnut
Jefferson City 65101

Dr. Julio Leon
President
Missouri Southern State University - Joplin
3950 East Newman Road
Joplin 64801

Dr. James Scanlon
President
Missouri Western State College
4525 Downs Drive
St. Joseph 64507

Dr. Dean Hubbard
President
Northwest Missouri State University
800 University Drive
Maryville 64468

Dr. Ken Dobbins (COPHE President)
President
Southeast Missouri State University
One University Plaza
Cape Girardeau 63701

Dr. John H. Keiser
President
Southwest Missouri State University
901 South National Avenue
Springfield 65802

Dr. Barbara M. Dixon
President
Truman State University
100 East Normal
Kirksville 63501

Dr. Elson Floyd
President
University of Missouri
321 University Hall
Columbia 65211

Dr. Richard Wallace
Chancellor
University of Missouri-Columbia
105 Jesse Hall
Columbia 65211

Dr. Martha Gilliland
Chancellor
University of Missouri-Kansas City
5100 Rockhill Road
Kansas City 64110

Dr. Gary Thomas
Chancellor
University of Missouri-Rolla
206 Parker Hall
Rolla 65401-0249

Dr. Thomas George
Chancellor
University of Missouri-St. Louis
8001 Natural Bridge Road
St. Louis 63121

Public Two-year Colleges

Dr. Kent Farnsworth
President
Crowder College
601 Laclede Avenue
Neosho 64850

Dr. Karen Herzog
President
East Central College
P.O. Box 529
Union 63084

Mr. William McKenna
President
Jefferson College
1000 Viking Drive
Hillsboro 63050-1000

Dr. Wayne Giles
Chancellor
Metropolitan Community Colleges
3200 Broadway
Kansas City 64111

Dr. Terry Barnes
President
Mineral Area College
5270 Flat River Road
Park Hills 63601

Dr. Evelyn Jorgenson (MCCA President)
President
Moberly Area Community College
101 College Avenue
Moberly 65270

Dr. Walter Nolte
President
North Central Missouri College
1301 Main Street
Trenton 64683

Dr. Norman Myers
President
Ozarks Technical Community College
1417 North Jefferson
Springfield 65801

Dr. John McGuire
President
St. Charles County Community College
4601 Mid Rivers Mall Drive
St. Peters 63376

Dr. Henry Shannon
Chancellor
St. Louis Community College
300 South Broadway
St. Louis 63110

Dr. Marsha Drennon
President
State Fair Community College
3201 West 16th Street
Sedalia 65301-2199

Dr. John Cooper
President
Three Rivers Community College
Three Rivers Boulevard
Poplar Bluff 63901

Public Two-year Technical College

Dr. Donald Claycomb
President
Linn State Technical College
One Technology Drive
Linn 65051

Independent Four-year Colleges and Universities

Dr. Keith Lovin
President
Maryville University of St. Louis
13550 Conway Road
St. Louis 63131

Dr. Marianne Inman
President
Central Methodist College
Church Street
Fayette 65248

Dr. William L. Fox
President
Culver-Stockton College
One College Hill
Canton 63435-9989

Dr. Mark S. Wrighton
Chancellor
Washington University
One Brookings Drive
St. Louis 63130

Independent Two-year Colleges

Dr. Helen Washburn
President
Cotter College
1000 West Austin
Nevada 64772-1000

CBHE Presidential Advisory Committee
Meeting Summary
February 19, 2004
Dr. Henry Shannon, Chair

Dr. Henry Shannon, chancellor, St. Louis Community College, called the meeting to order and welcomed presidents, chancellors, the Coordinating Board, department staff and guests to the Presidential Advisory Committee meeting.

FY 2005 Budget Update

Mr. Joe Martin presented the FY 2005 budget update Tab A of the board book, which describes the FY 2005 budget recommendations of the governor. HB 3 filed in the House by Budget Chair, Representative Bearden, is different from the Governor's Recommendations.

The administrative appropriations recommended by the governor have slight deductions to the core funding. The House introduced version of HB 3 reduced administrative appropriations by 10 percent and removed a flat \$10,000 off the coordination administrative core. The House introduced version of HB 3 also excluded the governor's recommended \$18,991 salary adjustment for state employees.

Financial assistance and outreach funding levels of the FY 2004 core budget are recommended for the current year funding with the exception of the Public Service Grant Program and the Vietnam Survivor Program, which would receive a combined \$45,830 to meet current needs. Mr. Martin will provide presidents and chancellors copies of HB 3.

The FY 2005 Missouri student loan program provides information on appropriations for operating the loan guarantee agency. The governor recommended the FY 2004 core appropriations including a cost of living salary adjustment of \$48,421. The House introduced version of HB 3 eliminates the salary increase and reduces the FY 2004 supplemental loan program administration request for the current year from \$500,000 to \$250,000.

FY 2005 Governor's Recommendations for All Institutions returns most institutions to their FY 2003 funding levels unless their FY 2004 funding levels were higher, in which case the governor recommended their FY 2004 funding levels. Overall the governor recommended a \$41 million increase from the FY 2004 core budget for all institutions. The House introduced version of HB 3 removed this \$41 million increase recommendation.

The FY 2005 University of Missouri related recommendations remain at the FY 2004 funding level by the governor and the House, with the exception of Ellis Fischel Cancer Center, which was combined with the hospitals and clinics appropriation.

Summary of Proposed Legislation Related to Higher Education

Mr. Martin presented legislation related to higher education and informed everyone that the status of legislation is updated on the DHE web site each Friday.

Commissioner Wilson stated that part of today's agenda is devoted to how the CBHE should deal with legislative and institutional proposals that occur outside the normal budget or policy processes. One of the challenges is how the CBHE can react and assess these proposals as they proceed through the capital process.

Chair Kauffman stated that one of frustrations as a legislator was that the department did not weigh in on issues that she felt were extremely important to postsecondary education. To that end it is important that higher education weigh in on the issues that arise when the board is not meeting.

Commissioner Wilson stated that considerations that might be given to the CBHE and staff are included in agenda item, Proposed CBHE Policy Related to the Review of Legislative and Institutional Proposals (Tab B of the board book).

Dr. Shannon stated that given the strengths of the CBHE staff, there is in attendance very good representation from the life sciences sector of institutions who could add valuable expertise to the evaluations.

Dr. Thomas George, president of University of Missouri-St. Louis suggested adding economic development as a bulleted item to the Proposed CBHE Policy Related to the Review of Legislative and Institutional Proposals (Tab B of the board book).

Report of the Commission on the Future of Higher Education

Commissioner Wilson extended his appreciation to Dr. Debra Cheshier, director of the Educational Policy, Planning, and Improvement Center for all of her work with the commission during the past year, culminating in the production of this report.

Commissioner Wilson provided background information on the Report of the Commission on the Future of Higher Education (Tab E of the board book) stating this was a difficult process. Many of the recommendations proposed by the commission were proposed repeatedly during the last 15 years, but were never implemented.

In this process it was hoped that there would be input from a large group of citizens and various entities throughout Missouri to achieve successful participation. They set a high target for increasing successful participation in higher education, without reducing enrollment, increasing graduates by 50 percent by the year 2015. The implication is that 719 additional students from all four-year institutions and more than 300 additional students from two-year institutions will graduate every year.

There are three distinctive elements of the report:

- The commission set specific, high, measurable, ambitious targets.
- There was small group of very specific strategies on how to achieve those targets.
- The only way to implement these educational initiatives is through collaboration and integration between higher education, the pre K-12 system, and economic development.

Mr. Kelvin Simmons, director of Economic Development, made a presentation and the State Board of Education met jointly with the Coordinating Board in an effort to forge a better working relationship.

Dr. Cheshier stated that the governor established the commission last March. Over the course of several months, the commission met four times at various locations throughout the state. The commission was comprised of 29 business, community, education, and legislative leaders. In addition to the commission, the governor established an Academic Resource Team of 12 faculty and academic leaders from two-year and four-year institutions to provide policy assistance and represent the views of the academic community.

The 10 recommendations reflect the kind of information and the strategies for organizing and analyzing that information used by the commission. The commission received considerable data from department staff, as well as from the National Collaborative for Postsecondary Education Policy, which provided technical assistance throughout their deliberations.

The commission prioritized outcomes on which to focus, recognizing there are complex and complicated issues facing higher education in Missouri. They focused on and identified five key outcome areas:

- Increasing the number of institutions assessing value-added learning, building upon models in which Missouri is already a leader;
- Increasing the number of high school graduates taking the CBHE-recommended 16-unit or ACT core curriculum;
- Increasing public awareness and support of higher education;
- Increasing financial aid for qualified students from low- or middle-income families; and
- Increasing the benefits resulting from increasing the percentage of the population holding a bachelor's degree.

They also received information from the collaborative regarding the policy audit – interviews and discussions among business leaders, legislators, and business interests in various communities conducted by the collaborative in July 2003. The purpose was to identify barriers in existing education policies that hinder higher education from being effective, and to identify good practices that promote effectiveness in reaching higher education goals.

The commissioner had the opportunity to hear from Dr. Kent King, Missouri Commissioner of Education and Mr. Joe Driskill, former director of the Missouri Department of Economic Development. They emphasized the important linkage between the K-12 and higher education systems and between economic development and the higher education system.

There were four key themes which emerged from the ten commission recommendations.

- Preparation – Three recommendations were outlined by the commission to strengthen the preparation levels of students learning and teacher quality.
 - Increase rigor in the high school core curricula and in the number of high schools offering core curricula;
 - Align K-12 curricula with employer needs and postsecondary expectations; and

- Provide incentives and professional recognition, as well as raise standards for teacher graduation to promote teacher quality.
- Participation – Two recommendations were influenced by information the commission received about the following issues:
 - The economic benefits derived from successful participation in higher education;
 - The increasing cost to low- and moderate-income families and the increasing proportion of income families must pay to access postsecondary education systems; and
 - How unique Missouri is regionally in terms of economic interests and needs, and the ability to access and afford postsecondary education.

The recommendations are:

- Simplify financial aid and channel state aid into two programs: one merit-based and one merit- and need-based; and
- Align regional public two- and four-year institutions into formal partnerships to respond collaboratively to regional needs.

Dr. Cheshier stated that the commission focused on specific areas they felt were priority skills areas – math, reading, writing, and having a strong foundation in these areas.

- Performance – The commission provided three recommendations to promote system-wide and institutional quality improvements.
 - Measure value-added learning;
 - Provide incentives for institutional quality improvements; and
 - Promote research, technology, and technology-related training.
- Implementation Strategies – The commission focused on ensuring that its recommendations are implemented, which would impact the strength and improvement of higher education in Missouri. They recommended the following:
 - Establish a private-sector alliance to promote awareness of and improvements in the benefits of higher education and greater investment in the state's higher education system; and
 - Establish, through an executive order issued by the governor, an action-oriented education leadership taskforce to explore issues requiring further development than the timeframe of the commission allowed.

Dr. Kenneth Dobbins, president, Southeast Missouri State University, expressed his appreciation in working with the commission on a difficult task that involved many people coming together to form a consensus. He also thanked Dr. Robert Stein, the commission, and the department staff for their efforts. Speaking on behalf of the four-year institutions and COPHE, he believed that the report was very well done. Some issues and suggestions that he hopes the Coordinating Board for Higher Education will study and discuss, based on the first two recommendations, follow:

- Increasing the number of students in higher education – Commissioner Wilson has discussed with two-year and four-year institutions a program similar to GEAR UP --

working with the Department of Economic Development to encourage sixth, seventh, and eighth graders to prepare to take math and science courses. Hopefully, the CBHE will embrace this pilot project that would be so beneficial to the higher education community.

- Financial Aid – Several years ago, the Missouri Commission on Affordability on Higher Education recommended giving need-based aid a \$1,000 maximum to be matched by institutions. When graduation rates are low because there is not an incentive for seeking the two-year degree, not every four-year institution can afford to give aid to transfer students. To improve economic development in the state, it is necessary to give attention to this issue.
- The CBHE policy on approved guidelines for lower division coursework and lower division associate degree delivery has been a work in progress for nearly a year. Dr. Dobbins believes that it has merit and should be given additional time before it is eliminated. Dr. Dobbins stated that basic research is not emphasized enough in the report. He hopes that the Department of Economic Development and the CHBE will work together to provide more funding for basic research at the UM system campuses.
- It is not necessary to change the Missouri governing structure. The current structure of independent governing institutional boards and oversight by the CBHE is one of the strengths that allows higher education to respond to its constituents.

As a representative of the Missouri Community Colleges Presidents and Chancellors, Dr. Jorgenson expressed general support of the commission report and indicated that the Missouri Community Colleges Association (MCCA) would submit a written response.

Mrs. Carmichael stated that the recommendation to form a new entity, an action-oriented education leadership taskforce, concerns her. The Coordinating Board has experience and past policy knowledge in educational issues. Another entity may not be able to handle the problems as effectively as the Coordinating Board. She welcomed comment from the presidents and chancellors.

Chair Kauffman stated that the Coordinating Board would like to hear from presidents and chancellors on not taking action on implementation, but simply accepting the report and commending those who participated. As the higher education community moves forward with thorough discussions, they can accept the recommendations or change them in any way they see fit. She invited comments.

Mrs. Grove suggested that the Coordinating Board be provided a plan of action.

Update on Measuring Value-Added Learning Improvement Project

Dr. Robert Stein stated that a focus on systematic statewide assessment policy dates back to the 1980s. Over the past years, interest has varied between an emphasis on external accountability and an emphasis on continuous improvement. Most recently, questions have been raised by accrediting agencies and others about the extent to which assessment data is being utilized on campuses in ways that inform internal decisions about curriculum and the type of feedback

provided to students based on their performance. While a great amount of assessment activity is taking place throughout the nation, and specifically in Missouri, there is a growing national and state-level concern about value-added learning assessment. Of particular concern is whether institutions are able to demonstrate the value that is added to a student's growth in learning as a result of that student having spent time at that institution.

In August 2003, the Department of Higher Education established Measuring Value-Added Student Learning as one of four priority improvement projects. Between August and today, there has been much exploration about ways Missouri can forge an agenda for measuring value-added student learning in a way that will be beneficial to students, to institutions, and to the state.

Dr. Stein reported that the department has been working closely with the RAND Corporation's Council for Aid to Education (CAE) to better understand their national initiative of value added student learning and to explore ways Missouri could become a pilot test site. The staff has encouraged institutions to form a consortium that would commit to working with RAND during the upcoming year.

In the process of deliberation, several institutions have raised logistic concerns about affordability, validity, student motivation, and protection against punitive damages to institutions that participate in the pilot project.

Department staff is committed to working with institutions in ways that will assure that the pilot project serves as a learning experience for all. Staff believes that by forming a consortium of institutions, Missouri higher education will be better positioned to negotiate with RAND for minimal pricing and to maximize the services that will be provided to all institutions within the consortium.

A total of 28 institutions attended the February 11, 2004, meeting that explored, with national consultants, the opportunity for Missouri to participate in this project. While this is not the only way Missouri institutions may want to approach measuring value added student learning, it is one way to get a lot of experience, with a computerized assessment instrument that has a national data base, in a relatively short timeframe.

Dr. Jeanie Crain, representing Missouri Western State College, expressed concerns about the original timeline that was announced. She further commented that relative to performance-based measurements, the CLA project of RAND would be a good addition to the data and assessment that is presently available.

Dr. Stein stated that originally, staff had hoped to get institutions involved with completing assessments during spring 2004 of approximately 100-200 students per institution. However, based on the questions raised and the need to assure that the pilot is designed well, the staff is now exploring with RAND the potential of a Missouri Roll Out for fall 2004 and spring 2005.

Mrs. Carmichael encouraged presidents and chancellors to join the consortium. She also indicated that the Coordinating Board should support Missouri's needs and the institutions' needs in making this a viable pilot project.

On behalf of the Coordinating Board, Chair Kauffman thanked those who participated in the two-hour session on February 18, 2004, at the Hampton Inn in Jefferson City. She is hopeful that as higher education moves forward, there will be more similar meetings and exchange of ideas. It was suggested that a block of time be included in a future meeting when ideas can be shared and when the Coordinating Board for Higher Education can listen to institutions' needs and ideas.

The meeting adjourned at 9:45 a.m.

COORDINATING BOARD FOR HIGHER EDUCATION

TIME: 10:30 AM
Thursday
April 8, 2004

PLACE: Burton Business and Economics
Building
William Woods University
Fulton

AGENDA

	<u>Tab</u>	<u>Action Item</u>	<u>Discussion Item</u>
I. Minutes of the February 19, 2004 CBHE Meeting		*	
II. Report of the Commissioner			
III. Report of the CBHE Presidential Advisory Committee			
IV. Summary of Proposed Legislation Relating to Higher Education	A		*
V. FY 2005 Budget Update	B		*
VI. Strategic Planning Issues			
A. 2004 Progress Report	C		*
B. Update on Department of Higher Education Improvement Projects	D		*
C. Department of Higher Education FY 2003 Annual Report	E	*	
VII. Collaborative Activities with the Missouri Higher Education Loan Authority (MOHELA)	F		*
VIII. Excellence in Missouri Foundation	G		*
IX. State of the Workforce Report	H	*	
X. Update on State Fair Community College's Programming Commitments in Jefferson City	I		*
XI. Appointment of Nominating Committee for Selection of CBHE Officers			
XII. Other Items			

XIII. Information Items

Distribution of Community College Funds	1
Proprietary School Certification Actions and Reviews	2
Academic Program Actions	3
Missouri High School Graduates Performance Report: Outstanding Schools Act – Senate Bill 380	4

Executive Session

RSMo 610.021(1) relating to “legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives and its attorneys.”

RSMo 610.021(3) relating to “hiring, firing, disciplining or promoting of particular employees by a public governmental body when personal information about the employee is discussed or recorded.”

Other matters that may be discussed in closed meetings, as set forth in RSMo 610.021.

COORDINATING BOARD FOR HIGHER EDUCATION

Minutes of Meeting

February 19, 2004

The Coordinating Board for Higher Education met at 9:45 a.m. on Thursday, February 19, 2004 at the Truman State Office Building in Jefferson City. Members present were:

Sandra Kauffman, Chair
Lowell Kruse, Vice Chair
Dudley Grove, Secretary
John Bass
Marie Carmichael
Mary Joan Wood

Members absent from the meeting were:

Diana Bourisaw
Robert Langdon (departed at 12:00 noon)
Kathryn Swan

Others attending the meeting included:

Trudy Baker, Administrative Assistant (EPPIC)
Becky Brennecke, Legislative Liaison
Debra Cheshier, Director of Educational Policy, Planning, and Improvement Center (EPPIC)
Scott Giles, Director, Missouri Student Loan Group
Gina Hodge, Director, Information Technology
Donna Imhoff, Budget Analyst
Janelle Jaegers, Director of Administration
Joe Martin, Deputy Commissioner
Jim Matchefts, Assistant Commissioner and General Counsel
Brenda Miner, Executive Assistant to the Commissioner
Dan Peterson, Director, Financial Assistance and Outreach Group
Renee Riley, Public Information Specialist
Greg Sandbothe, Office Services Assistant
Robert Stein, Associate Commissioner, Academic Affairs
Laura Vedenhaupt, Administrative Assistant, Academic Affairs
Quentin Wilson, Commissioner of Higher Education
Leroy Wade, Director of Proprietary School Certification
John Wittstruck, Senior Research Associate (EPPIC)

Chair Kauffman called the meeting to order. A list of guests attending the meeting is included as Attachment A.

Minutes of the December 4, 2003 CBHE Meeting

Mrs. Wood moved **that the minutes of the December 4 meeting be approved as printed.**
Mrs. Grove seconded the motion, and it passed unanimously.

On behalf of the CBHE, Chair Kauffman recognized Mr. Bass for his service and dedication on the CBHE Board. He has provided outstanding leadership on the Coordinating Board since 1996, during which time he served as Secretary of the Board for three years and as a faithful representative to the MOHELA Board. His commitment to higher education and to the families of Missouri students has been unwavering and invaluable. He has championed the underrepresented students of the state and has always offered a sound perspective on the issues. He is passionate about the need for quality teaching and learning opportunities, providing a strong voice for diverse representation on CBHE committees, commissions, and taskforces for which the Coordinating Board is extremely grateful. Chair Kauffman presented a token of the board's appreciation for his outstanding performance, his integrity, and his dedication to the state of Missouri and the Coordinating Board for Higher Education.

Mr. Bass stated that this has been an enriching experience – a journey. There is still much to do and a long way to go. Mr. Bass plans to continue his advocacy for higher education. He encouraged the Coordinating Board to continue their efforts to make Missouri's system of higher education one of the utmost quality, because Missourians are counting on the higher education community, and it is a matter of lifelong learning.

Report of the Commissioner

Commissioner Wilson thanked Mr. Bass for his service and his words of encouragement. The Coordinating Board and the Commission on the Future of Higher Education have come to understand through the efforts of Mr. Bass and others that higher education's greatest goal is to ensure successful participation in education for all. That is higher education's commitment in spite of the nearly 50 percent cuts to the administrative budget during the last three years.

The higher education community has worked with the legislature to increase the understanding of the impact higher education has on the state's economy. The Commissioner expressed his optimism that higher education funding can be maintained this year. The priority over the last year has been to develop a vision for higher education in the state with the Coordinating Board and the Commission working in concert with all stakeholders in establishing statewide priorities.

The shift to implementation began as the Coordinating Board provided focused direction to the Department of Higher Education (DHE) staff. Projects undertaken this past year include redesign of DHE's web site, the student loan guarantee processing system, and early awareness and outreach initiatives to make students in the seventh grade aware of what is required both financially and academically to attend college.

This year, DHE has been focused on four important, high impact activities:

- Value-Added Student Learning Project - Dr. Robert Stein has been working with institutional officials to find a method of measuring the contributions that individual institutions make to their students' learning. The National Report Card noted that this measurement has not occurred in any state. Missouri is a leader in assessment with many of its institutions leading nationally in efforts to assess the performance of students when they leave that institution.

The RAND Corporation has provided much support to the department. Their pilot project was established on 13 campuses nationwide for two years. At the last meeting with representatives of four-year public institutions, independent colleges and universities, and community colleges, 28 institutions expressed interest in exploring further the potential of doing a Missouri pilot project.

- Institutional Quality – Some sessions were held last year with the Missouri Quality Workforce and the Higher Learning Commission that processes accreditation to discuss applications of quality to higher education. Northwest Missouri State University, Missouri Western State College, East Central College, and the University of Missouri-Rolla have adopted quality initiatives. It would be beneficial, if all institutions joined this effort, which is an integral part of discussions with the legislature concerning performance in higher education. Higher education needs to demonstrate that, with its present funding, it is effective and efficient and that additional funding would provide a return on the investment in terms of benefits to the state.
- Financial Literacy – The DHE guaranteed nearly \$700 million in student loans last year. The real issue is to make sure that the reduction of public aid to education and the rising tuitions will not cause students to incur excessive debt. DHE wants to ensure that students understand the process and the obligation of their loans.
- Grants and Scholarship Delivery Process – This project, relating to restructuring financial aid, has been chartered and team membership will be established in the coming weeks. Commissioner Wilson expressed appreciation to the institutions and other organizations that have been involved in the chartering sessions.

The Commissioner expressed appreciation to Mr. Joe Martin for his efforts and the close relationship established with the governor's office, the legislature, and others as staff has tried to explain the role of the CBHE in evaluating legislative issues and initiatives which have not gone through the budget process.

The department's completion of a strategic plan will identify some issues not yet discussed, but which require the attention of the Coordinating Board and DHE staff. The department's top priority this year is to shift from policy development to assist the Coordinating Board, by understanding and implementing their direction.

Senior staff will be completing performance reviews, known as the 360 degree evaluation and planning process. Staff is trying to hire four people in the marketing area to handle the student loan program and respond to the needs of the institutions, especially as MOHELA expands its borrower benefits. Academic affairs is also in the midst of searches to fill two research associate positions. Dr. Cleo Sumudzi accepted a position at Northwest Missouri State University Academy and Dr. Nancy Devino accepted a position with Apex Learning Inc., Bellvue, Washington.

Report of the CBHE Presidential Advisory Committee

Dr. Henry Shannon, chancellor, St. Louis Community College, thanked Mr. Bass for giving his time and energy to all the higher education initiatives in the state as well as in the St. Louis area. Dr. Shannon summarized the discussion that took place at the Presidential Advisory Committee.

On behalf of the presidents and chancellors, and their designees, Dr. Shannon expressed appreciation for the time to converse with the Coordinating Board about substantive issues, and supported Chair Kauffman's suggestion of changing the format of the Presidential Advisory Committee meeting to involve more qualitative discussions of the type that transpired on February 18 at the Hampton Inn in Jefferson City.

FY 2005 Budget Update

Mr. Martin explained that the FY 2005 budget recommendations provided by the governor contained minor core reductions to higher education's administrative budget, provided a state employee pay plan for all employees, and included an additional \$41 million to be distributed to institutions. These additional funds would come from cuts in the state budget or come in the form of new revenue from approximately \$520 million that was contained in the governor's proposal.

The House introduced version of HB 3, filed in the House by Representative Bearden, contains his recommendations for funding higher education. Those recommendations present a 10 percent reduction of the governor's recommended core administrative expense and equipment (E&E) appropriations, remove the governor's recommendation of an additional \$41 million to the institutions, and recommend funding those institutions at the current FY 2004 levels. This bill reduces the expense and equipment appropriation by \$10,000, an amount allocated to the DHE by the Office of Administration for operation of the Office of Administration in Washington D.C. If this bill is adopted, it would result in a nearly 57 percent reduction in the department's core expense and equipment budget over the next 3 years.

DHE staff will be speaking with the House Appropriations Committee members when they reconvene to work on higher education's budget. Staff will request members to reconsider and hopefully find additional funding for the institutions.

Chair Kauffman asked the Coordinating Board to discuss the role of the CBHE in this situation. She stated that if the Coordinating Board is going to move forward with weighing in on issues that are before the General Assembly, this is the perfect time for the board to speak on behalf of postsecondary education. The legislature should know that the Coordinating Board for Higher Education supports pursuing the \$41 million, and not losing any additional money for administration. The Coordinating Board responded with the following comments:

- Mrs. Carmichael stated that it is not equitable for higher education to take the same 10 percent across the board cut given to all agencies in light of the larger cuts to higher education in the past. She recommended sending a letter from Chair Kauffman to legislative leadership and to the appropriate committees requesting them to reconsider.
- If the legislature wants a Coordinating Board, then they need to fund a Coordinating Board. It is critical they understand that higher education cannot function and provide

what the state needs, nor accomplish what the statutes dictate of the CBHE without adequate funding in planning for its future with all the activities entailed.

- Mr. Bass stated that education is an industry and jobs are being lost in this industry. It will affect and damage the JOBS NOW program and the economic development of this state to attack this industry or its institutions that are promoting economic growth for Missouri.
- Mrs. Wood stated that the legislature continually expects more from the department and requires it to function with less money. That is not reasonable and she asked Mr. Martin to communicate in the best possible way to secure the funds needed for higher education.
- Mr. Kruse stated that a tremendous investment has been devoted to the Commission on the Future of Higher Education and it is necessary to have the resources to proceed with developing the intentions of their plan, in addition to meeting higher education's fiduciary responsibilities.
- Mrs. Grove referred to access and participation, stating that in her conversations with individual leaders of the institutions, she was told that people are asking for more courses at institutions, that classes are overcrowded, and that students want courses that cannot be provided because funding is not available for those courses. The additional \$41 million in funding would allow institutions to provide better access and encourage participation by the students that need to be educated in this state.

Chair Kauffman charged Mr. Martin to prepare a draft recommendation communicating the Coordinating Board's thoughts regarding the FY 2005 budget recommendations.

Proposed CBHE Policy Related to the Review of Legislative and Institutional Proposals

Commissioner Wilson presented proposed CBHE policy related to the review of legislative and institutional proposals – Tab B. Several issues dictating this proposal are:

- The Coordinating Board has a structured process for considering state proposals during the budget process, with limited resources to evaluate projects that arise during or between legislative sessions.
- The policy and view of the Coordinating Board about its role during that process in which they have statutory requirements to develop, in maintaining forward progress, in their mission to advance higher education.
- There should be established guidelines for the evaluation of institutional proposals or legislative proposals that arise. The priorities that the Coordinating Board established for the system of higher education – preparation, participation, performance and implementation form the criteria. Some examples may include:
 - It would be difficult to quantify reductions to general revenue that require it to subsidize other functions, affecting both preK-12 and higher education and

producing a negative impact on funding for higher education. Likewise, the transportation diversion issue, allowing general revenue funds to provide functions now paid from transportation funds, would negatively impact higher education.

- The percentage of employer and workforce needs that are met; and
- The increased economic benefit of higher education in the areas of research, technology, commercialization, and construction.
- Department staff suggests seeking information based on the criteria developed by the institutions or the legislative advocates to expedite the evaluation process.
- How active and involved does the Coordinating Board wish to be in its statutory role?

Commissioner Wilson stated that in the past the Coordinating Board has been reactive, not proactive on some of the issues. The Coordinating Board reviews and makes recommendations on capital projects during the budget process, but staff wants to determine if the board wants to provide more evaluation during the budget process. Proposals that come in during the legislative session are not reevaluated. This proposal is an expansion of the Coordinating Board's involvement in the legislative process, but not beyond what is statutorily authorized. It is legitimate for proposals to be evaluated in light of the CBHE's priority goals. The next step that may require legislative activity is whether the Coordinating Board should propose initiatives instead of evaluating them and providing guidance as was done traditionally. Department staff is suggesting that the Coordinating Board offer at least an analysis of relevant issues and review them before they become final.

Mr. Kruse stated that if the board needed to clarify this issue, have a written policy, and follow-up with a letter, the department needs to be staffed so the Coordinating Board can provide reasonable input.

Mrs. Grove stated that from her review of the survey on Alignment of Educational Priorities and Policy Recommendations, she expected it to include a statement on the impact of those priorities on the structure and funding of the Missouri system of higher education, as well as on access, excellence, performance, etc. A structure for higher education in Missouri is in place. The CBHE is responsible for the overall coordination and planning for the state, and as such, structure and funding come under the purview of the CBHE, which should be part of this recommendation.

Commissioner Wilson stated that a restructuring of the system of higher education was not recommended, but it might affect the relative standing of institutions. Would it create a new tier of institutions or create an imbalance in the institutional structure? The ultimate responsibility of the Coordinating Board is how the proposals affect the priority results.

Chair Kauffman noted that action on this agenda item would not be taken today. It will move forward with the department looking at legislative proposals and budget proposals based on these

general guidelines at this time. The policy guidelines are in place, but the policy itself requires further development.

Commissioner Wilson stated that the lack of a motion would not inhibit the staff's discussions with the legislature. Staff is prepared to convey that the Coordinating Board has given their authority to proceed in this direction, as a responsibility to the institutions that are trying to advance their institutional missions, and as a responsibility to provide presidents and chancellors with some reaction this year. Commissioner Wilson added that this proposal provides another means to secure higher education funding. Since the budget crisis, higher education has become more proactive. This is a process for staff and the CBHE to become more involved between the annual processes that have been established.

The board responded with the following comments:

- Invite the legislators to a session to discuss the role of the Coordinating Board in supporting them and in defining a future for higher education in this state.
- The Coordinating Board should have a role in relation to issues that are important to higher education.
- Legislators have to want and value input from the Coordinating Board.
- Clarification on what the Coordinating Board should accomplish, combined with the utilization of the recommendations of the Commission on the Future of Higher Education report.
- This proposal provides direction to the department for the remainder of this legislative session. The department has the right to become actively involved as long as policies, supported by the CBHE, are in place.

Mrs. Carmichael asked if the Coordinating Board, in its role during the proposal evaluation process, would have an opportunity to react prior to acting on proposals. Commissioner Wilson expects a definite delineation of the Coordinating Board as the policymakers and department staff as the implementers to develop within a few months. Staff would perform an evaluation with the institution or the proponent, perhaps requiring the institution to provide information or answers. Upon an evaluation of that data, staff would develop a recommendation to present to the Coordinating Board.

Chair Kauffman stated that without objections, the Coordinating Board for Higher Education authorizes the department to move forward with this policy.

Update on the University of Missouri and Northwest Missouri State University Merger Proposal

Chair Kauffman stated that it was important for the department and the Coordinating Board for Higher Education to continue the dialogue begun last April with Dr. Elson Floyd, president, University of Missouri System and Dr. Dean Hubbard, president, Northwest Missouri State

University, regarding the proposed merger. This ongoing conversation will help insure the board has adequate information in determining whether or not the merger is in the best interest of postsecondary education.

Dr. Floyd thanked Chair Kauffman for inviting them and for the privilege of providing an update to the Coordinating Board. Thoughtful discussions about having Northwest Missouri State University become part of the University of Missouri began in April 2003 at the CBHE meeting at Truman State University, and were announced publicly at that time. Transition teams began talks at Northwest. The Board of Curators and the Board of Regents gave their approval to continue those conversations.

In August, Dr. Floyd made several trips to Maryville to discuss with the various constituencies the meaning of having the two institutions form this kind of partnership. Discussions continued into the fall. In January 2004, a Memorandum of Understanding, authorized by the Board of Curators and by the Board of Regents, was considered. In February 2004, the Memorandum of Understanding was again consummated and the two respective boards had a resolution transmitted to the governor and to the General Assembly to consider legislation to have Northwest become part of the University of Missouri System. The two presidents met with virtually every audience and nearly every constituency about this proposed partnership. If they are able to receive authorization from the General Assembly, followed by concurrence of the governor, it will be the first time that two public universities in this country, without a mandate from the governor, the legislature, the federal government, or a financial exigency, voluntarily join together because it is fundamentally right.

Dr. Hubbard presented some background information on the merger, included in the minutes as Attachment B. Dr. Hubbard delivered to the Northwest Board of Regents, before they approved the Memorandum of Understanding on February 7, in remarks he provided considerable detail on their four decision drivers:

- Student success
- Satisfaction (student, faculty, and staff)
- Financial viability for robustness
- Enrollment

At a weekend retreat with their board, they examined nearly 100 trends, including economic, demographic, political, legal, social, technological, and competitive trends and performed an analysis to examine the strengths, weaknesses, opportunities and threats if Northwest were part of the UM System compared to Northwest being independent of the system. The conclusions are summarized in the document Dr. Hubbard distributed to the Coordinating Board for Higher Education.

Mr. Bass asked if Northwest would abandon their five-year strategic plan or if there would be continuity between the five-year plan and the merger with the University of Missouri System. Dr. Hubbard explained that in their annual planning cycle, they used the state plan. One of the major focuses of that plan has been on strengthening higher education's role in economic development. Looking at the census of the 17 counties north of Kansas City, comparing 1900 and 2000, the population has declined by 39 percent, or a loss of 4 out of 10 people. One of the

variables is the accelerating population loss in that region. Another variable linked to that is economic development and finding a way to turn that trend around.

Dr. Floyd added that at the December meeting of the Board of Curators, the University augmented its role, mission, responsibilities, and obligations to all Missourians in the state by adding to the centrality of what economic development does, along with research, teaching, service, and other creative activities.

Mrs. Carmichael stated that the local benefits to the northwest region are obvious, but wondered what costs are associated with those benefits in terms of administrative costs for either or both universities. Dr. Hubbard noted that the net savings per year will be just under \$1.1 million, which results in reduced specialty insurance, American Express fees, two buyer positions, a treasurer's position, etc. They have carefully analyzed what services are provided by this system that can be utilized without adding cost to the system. Northwest Missouri State University and University of Missouri System will be more efficient. Northwest will add about 10 to 11 percent to the enrollment base at the University of Missouri.

The only unavoidable expense is the cost of adding Northwest employees to the University of Missouri retirement system. At most, the University of Missouri System will have to add \$5 million, over a 20 year period, to cover the employees of Northwest, assuming all existing employees choose to transfer from MOSERS into the University System. The more probable figure would be half that amount over 20 years to service additional retirees, except those who plan to retire at 80 and out.

Mrs. Carmichael wanted to know if the University of Missouri System would realize a net reduction in expenses in assuming another institution. Dr. Floyd stated that there would be some responsibilities which can be handled as part of the University of Missouri System. It allows the University of Missouri System and the state generally to realize a greater return on the investments that have already been made in these two institutions. The only presence that the University of Missouri has north of the river is through their Outreach and Extension division. If additional active academic and economic issues can be brought to the northern part of the state, that is value added to the investment that will be made there. It is important to do whatever can be done to promote access and opportunity for students of Missouri. This merger clearly promotes access and opportunity.

Mrs. Carmichael stated that when higher education went through the mission review and enhancement process, Northwest adopted the mission of becoming the technology institution, developing the modular coursework delivered over the Internet. It is important that citizens have access to higher education through coursework and programs as the economy changes. She thinks that these Internet-based programs have not been developed to serve the citizens of the state.

Dr. Hubbard stated that the Memorandum of Understanding was designed specifically to avoid distortion of the mission, the unique character of the institution, its emphasis on quality, and its integration of technology into the educational programs. Northwest has experienced enormous growth in on-line instruction and those related activities will not be abated. The mission is committed to preparing students for a world of constant change applying information technology

to improve learning processes and promoting continuous quality improvement to enhance performance.

Mr. Bass asked for a profile of Northwest's current student population. Dr. Hubbard stated that Northwest serves traditional students who have graduated from high school and come to Northwest to live on-campus. These are students who are studying full-time. Forty-eight percent of them are first generation college students. Their average ACT score is slightly above the national average and in accord with Northwest's moderately selective admission standards.

Early in the discussions, it was important to know how Northwest would fit into the University of Missouri System. It was determined that Northwest ranked in the middle on nearly all issues analyzed. Their students fit into the mix. Northwest does not anticipate any radical changes in admission standards or the students it accepts, because the Memorandum of Understanding focuses on student success.

Mrs. Wood wanted to know if Northwest would change their selectivity. Dr. Hubbard stated that student enrollment at Northwest including tuition, admission standards that measure levels of student success and other terms and conditions for attendance shall be in accordance with policies, rules, and regulations of the University of Missouri System. Tuition for enrollment at Northwest will not be automatically raised to equal that at other campuses within the system.

The best predictor of student graduation rates is entry level characteristics. Northwest has accomplished this for numerous years and improved every year, establishing them ahead of their peer group nationally with a current success rate of 70 percent. During the transition that just occurred, over 90 percent of the freshman returned for the second semester.

Mrs. Wood stated that she has admired Dr Hubbard for being diligent with the efficiency and quality of Northwest, but wanted to know how the merger would impact the balance of power in the legislature. Dr. Hubbard stated that the University of Missouri System did not try to build an empire. He approached Dr. Floyd first. Those who strive for quality know that one of the most dangerous paths one can travel is to seek to preserve equilibrium, because improvement is by definition, disruptive of equilibrium. In decision-making, if the goal is equilibrium, the best that one can hope to achieve is an amiable mediocrity. The relevance of Northwest and University of Missouri System is not only as individual institutions, but as a collection of institutions bound together in their willingness to make changes.

Dr. Floyd stated that the University of Missouri understands these things, as the state's public research university with a land-grant obligation and responsibility. He understands the importance of accountability and that the University of Missouri has multiple constituencies to which it is accountable. This will not change fundamentally. Discussions will begin on how these two institutions can serve northwest Missouri in ways that were previously not possible. The stewardship that the University of Missouri must exercise will continue.

Mrs. Grove stated that the changes being made will impact how education is delivered in Missouri in the future. She was concerned about the students that will not have access or opportunity because of the changes from the merger. She wanted to know if Dr. Hubbard's real creativity, leadership, student success, his excellence, or himself would be lost. She wanted to

know how Dr. Floyd could take advantage of the incredible offerings of Northwest and spread them around to other institutions.

When thinking about education in the future, she sees the increasing presence of the University of Phoenix and other institutions providing technology-delivered courses, degrees, and programs in Missouri and across the country. Is this the most creative way for education to be delivered in the future? Will it deliver education differently so that as many students as possible will be educated to the highest degree in the least cost-effective way? How will obtaining an education be different as a system without asking for additional funding? Higher education needs more money, more degrees, more professors, and more buildings. How will education change and improve in the future?

Dr. Floyd stated that this partnership is an example of doing business in a fundamentally different way by ensuring that the resources are available and will be deployed appropriately to both institutions. If \$1.1 million can be saved from administrative costs, distributed into the instructional and research mission of the institution, that is fundamentally a different method. With Northwest Missouri State University being a part of the University of Missouri System, courses can be beamed to Northwest, without having a professor on campus or having a comprehensive system of delivery, which is another fundamentally different approach to delivery. This will have a huge impact on graduate and undergraduate education in the future. Dr. Floyd does not intend to preclude access, because it is important that Missourians understand the nature of institutions and know the opportunities available to them.

Both presidents have been mindful of pricing policies associated with this possible inclusion of Northwest. They will not make any abrupt changes in the tuition merely because of entry into the University of Missouri System and intend to keep the Board of Regents as a reconstituted Board of Trustees, because of the invaluable counsel they provide Northwest now, but will also provide both institutions.

All of the core values and principles associated with both institutions throughout the state will continue to be preserved under this new paradigm if authorization from the General Assembly is obtained. Hopefully it will allow both institutions to operate in a more efficient way, which must also be considered, due to declining financial resources. Higher education in Missouri must still remain as competitive as possible in the national, global economy of which it is a part.

Mrs. Carmichael asked if there would be pressures from other campuses in the University of Missouri System, whose students are paying significantly higher tuition, to raise the tuition at Northwest so that they can share the burden of the costs of higher education for the system.

Dr. Floyd reiterated that they would not arbitrarily change the tuition at Northwest to match the tuition levels of other campuses of the University of Missouri System. They have looked at the resource allocations within the University of Missouri System and are in the preliminary stages of conversation with the campuses and the Board of Curators regarding tuition differentials. Tuition differences could be a different approach for the University of Missouri as an institution. There are different needs and requirements associated with the campuses in the University of Missouri System. From a budget perspective, having one tuition may not be appropriate.

Mr. Kruse stated that he and Dr. Hubbard had worked together a long time with the dilemma of population loss and with economic vitality. Dr. Hubbard's figures describe a substantial loss of population. All conversations over the years have concluded that education is absolutely crucial for revitalization in northwest Missouri.

Mr. Kruse strongly supports the Commission on the Future of Higher Education's issue of participation and alignment of regional public two- and four-year institutions into formal partnerships to respond collaboratively to regional needs. Regional collaboration is extremely important in the future of this state. He asked how this partnership improves ability to work with other institutions of higher learning in northwest Missouri. K-12 and pre-K are extremely important to the future of the northwest area and he wanted to see the commitment to that regional collaboration to ensure this partnership brings tremendous added energy to what can be done with Northwest, Missouri Western, North Central, and other institutions.

Dr. Hubbard responded that being an engine for economic development or meeting the educational needs of the region better demands collaboration. Over the years he has worked with the University of Missouri System to develop regional cooperative arrangements. Dr. Richard Wallace, chancellor, University of Missouri-Columbia and Dr. Hubbard drafted the charge and the goals for the Northwest Missouri Educational Consortium, which includes North Central Missouri College, Missouri Western State College, Northwest, the University of Missouri System, and all vocational and technical schools. They collaborated to offer graduate programs without duplication. That will not disappear.

In approaching education differently, Dr. Floyd stated that there are two ways to offer graduate level programs. One can either hire all the faculty necessary, which is expensive or adopt a different model that is possible through technology, whereby Northwest is responsible for content of the curriculum, the qualifications of instructors, locating those instructors, entrance into the program, assessment of performance, but would not attempt to staff it. This is the model they envision. The credit for this model must be given to Dr. Steve Lehmkuhle, vice president for academic affairs, University of Missouri System. Another part of this is the idea of using mixed modes of delivery, not delivering everything in a sequence even within a single course. Some of it can be done through on-line, asynchronies, etc. Nearly 70 percent of the courses on their campuses now involve those components.

Another issue is to become part of a large organization and preserve agility. In the beginning, Dr. Floyd and Dr. Hubbard agreed to sort out the issues and find those that would require research, legalities, other services, and to identify any obstacles. Dr. Hubbard spent a week at 3M Corporation in Minneapolis last summer to try to understand what combination of policies, procedures, culture, etc. combine to maintain and sustain the atmosphere of the most innovative company in the world. A group comprised of UM administrators and corporate executives from across the country came to Northwest. The 15 points in the Memorandum of Understanding originated from that discussion. Looking at the demographic trends 10 to 15 years in the future and not doing anything was not an acceptable scenario to their Board of Regents and Board of Curators.

Dr. Floyd stated that they tried to develop a framework, a value system that would lead them in making the decisions in the future to outperform and under-promise due to ever-present change.

Higher Education Related Activities with Other Organizations
Missouri Higher Education Loan Authority
Michael Cummins, Executive Director and CEO

Before recessing for lunch, Chair Kauffman introduced Mike Cummins, executive director of MOHELA. Mr. Cummins introduced Mr. John Greer, chairman of the MOHELA Board and staff members Ms. Suzy Crump, who manages human resources at MOHELA; and Ms. Karla Albert, who manages the marketing department at MOHELA.

Mr. Cummins stated that MOHELA is collaborating with the Department of Higher Education on several innovative and exciting initiatives and they are in the wake of the challenge of the Commissioner's Report on Higher Education. MOHELA is committed to helping Missouri and the state system of higher education. He commended Commissioner Wilson's outstanding staff and looks forward to the continued strong relationship with DHE.

Chair Kauffman asked Dr. Floyd and Dr. Hubbard if they would be willing to continue the merger discussion following a brief lunch recess. Both presidents agreed to return when the board reconvened following lunch.

Mr. Bass was concerned about the problem of inequity in the distribution of funding to the University of Missouri-St. Louis and whether that would cause a problem among other campuses or legislative debates, and what commitments had been made to bring equity to campuses, if it was determined that allotments were different. Dr. Floyd was aware of the problem and testified before the Senate, as well as the House, that the University System would try to rectify the situation at the University of Missouri-St. Louis.

All campuses across the country are suffering from some level of inequity as well as in the mid-west. Improvement is needed in all institutions in Missouri. Some adjustments were made in the first withholdings when Dr. Floyd arrived at the university as an expression of his willingness to resolve the problem. He is now working with his senior leadership team to get additional funding for the University of Missouri-St. Louis. They have begun a thoughtful process, known as Resource Allocation Principles, to examine how resources are allocated among the campuses. It would be great to have Northwest Missouri State University become part of the University system before that policy is finalized. He wants Dr. Hubbard and his colleagues to be fully informed of the allocation changes and modifications so all campuses will be a part of the final resolution. They hope that the entire budget dedicated to Northwest will continue to come to the University of Missouri System, but will immediately go to them in the same dollar amount that they have currently.

Mr. Kruse asked Dr. Floyd to describe the regional strategy taking place with Missouri Western State College, North Central Missouri College involving the economic issues in northwest Missouri and the role that Northwest Missouri State University would play. Dr. Floyd stated he had significant experience with institutions engaged in the communities of which they are a part, and believes it is right from institutional and public policy standpoints.

Dr. Floyd believes that institutions, especially research institutions, need to look inward, to be honed in to regional or local issues. He wants the communities that are a part of the University of Missouri System to come to the system for solutions to some of the problems that they are

dealing with, either through outreach and extension or individually by campus. The public institutions are definitely in a serious crisis at this time. He wants the institutions to seek solutions to their problems and serve as economic drivers in their communities. If we are successful locally, it will rebound to benefit Missouri nationally and globally.

There is a substantial difference between the roles of a Northwest Missouri State University in Maryville versus a University of Missouri-Kansas City or St. Louis campus, because the Maryville community refers to the region. Dr. Floyd wants to assure the continuation of the regional work and improved collaboration that Dr. Hubbard has achieved among the three institutions in the northwest and all other institutions interested in leading northwest Missouri. Dr. Floyd does not want it jeopardized, but improved substantially.

Dr. Floyd intends to focus on the community that is immediately involved and then systematically branch out in the broader concept of community engagement. The continued engagement of a Board of Regents at Northwest is necessary as they provide huge value associated with the present relationship and their advice and counsel will be invaluable as the merger goes forward.

Chair Kauffman asked if intensive collaboration would achieve their goals rather than through a merger. The decisions that are being made, in respect to the merger, affect four current campuses in the University of Missouri System, and adding a fifth campus would affect all of postsecondary education in the state. Dr. Hubbard responded that there is a difference between collaboration, being on the outside, and being part of the family, responding to needs as a system. Collaboration has limits. Northwest receives some federal funding for improving math instruction in middle school, but restricts access to biotechnology grants.

Dr. Floyd noted that as a consequence of outreach and extension, the University system has a presence in, and a responsibility of serving every county within the state.

Mrs. Grove stated that because of the size of the system with the five campuses, and the size of the student body, that delivery services may be handled differently. She wanted to know if other entities, groups, or individuals in the state will be able to take advantage of Dr. Hubbard's learning, expertise, or programs. Dr. Floyd referred to the longstanding relationship with Northwest as a valued partnership, stating that there are similar relationships with other institutions in the state. The University of Missouri System will continue the collaborative programs and opportunities. Dr. Lehmkuhle did a marvelous job on behalf of the citizens of the state and serves as the principle architect for these collaborative partnerships.

Dr. Hubbard stated that, with the technology and the delivery across the five campuses, education would be more accessible to other people across the state. Northwest Missouri State University offers several complete degree programs including a master's program, but as a system it affords more opportunities to combine courses, eliminating one institution developing the whole program. Northwest originally partnered with 40 different community colleges, faculties agreed on curriculum and assessment, and they promised students that if they completed the first two years at the community college, they could transition to Northwest seamlessly via the internet.

Campuses will not disappear because they serve a social and educational function. Not minimizing the value of the classroom, it is said that 50 percent of the learning that contributes to success in life is learned outside the classroom. All institutions offer some small upper division courses to service someone in need of that degree, but not efficiently. The logistics of providing this service from outside the group/system is quite different and difficult, regardless of all the collaboration.

Dr. Floyd stated that there was no hidden strategy to pursue other campuses as part of the University of Missouri System, and if pursued by other campuses, each case would be evaluated individually.

Chair Kauffman wanted to know what impact Northwest Missouri State University, operating under the Baldrige Quality Criteria, would have on the four institutions currently in the University of Missouri System; and if it would be an early initiative undertaken if a merger occurred. Dr. Floyd does not intend to destroy the culture and traditions that are a part of Northwest, but each campus within the University of Missouri System has to establish its own culture and traditions. He has allowed chancellors and leadership on the campuses to define their campus operations, not imposing those values throughout the system. The UM System intends to be as efficient and accountable as possible and those values will permeate each of their universities. It is important to expose the other campuses to it, but allow them to ultimately decide.

Chair Kauffman asked if Dr. Floyd and Dr. Hubbard would take that culture and determine how it could be applied to other campuses in the system to make them stronger. Dr. Hubbard stated that he never comments on how someone should manage their shop as that choice should be their decision.

Commissioner Wilson wanted to know Dr. Floyd's reaction to the potential value of the Baldrige Quality Criteria, as leader of the University of Missouri System. Dr. Floyd stated that this culture of quality at Northwest should exist at all universities nationwide. The academy is examining demonstrated best practices. Dr. Hubbard and his colleagues have demonstrated some of those best practices and other institutions want to adopt some associated aspects, but that will be their campus decision.

Chair Kauffman expressed appreciation to Dr. Floyd and Dr. Hubbard for sharing dialogue and hoped representatives from other institutions benefited, because all postsecondary education is effected. Taking chances or a new direction is very important, and requires the Coordinating Board to consider all postsecondary institutions as they move forward.

Dr. Floyd asked what decision the Coordinating Board for Higher Education is charged with making and how could he and Dr. Hubbard help the Coordinating Board to arrive at their decision. Chair Kauffman stated that the Coordinating Board has a role in this merger in presenting what they believe to be the strengths and the weaknesses of a merger and how it effects all postsecondary education in the state. They need to know how it complements their goals and state priorities. She has become increasingly concerned that the Coordinating Board weigh in on moving forward with a merger, because it is in the best interest of postsecondary education.

Chair Kauffman wanted to know if the University of Missouri System fit into those priorities and goals better with a merger or without a merger. Dr. Floyd stated that the goals of the Coordinating Board were clear and he saw no consequences of the merger conflicting with CBHE's goals. One of the most significant goals is to increase the participation rate, access, and affordability. Those have been guiding principles associated with having institutions come together.

Chair Kauffman questioned the affordability for northwest Missouri as that is an important issue in that area. If tuition increases in the next few years, will those students have more or less access? Dr. Floyd stated that they have worked through the affordability issues, which have been enumerated in the context of the Memorandum of Understanding. They have been mindful of the leadership provided by the Board of Regents and want to continue to rely on those citizens to help form the policy as they move forward. As a state, higher education needs to obtain more participation. This relationship will broaden the academic courses that will be delivered in conjunction with Northwest Missouri State University. This is a fundamental driver associated with access. They will not price themselves out of higher education. Dr. Floyd looks forward to further discussions of these issues and thanked the Coordinating Board for their time and attention.

Higher Education Related Activities with Other Organizations
Department of Economic Development
Kelvin Simmons, Director

Chair Kauffman introduced Mr. Kelvin Simmons, director, Missouri Department of Economic Development. Mr. Simmons congratulated Mr. Bass for his contributions to higher education throughout his public career.

Mr. Simmons stated it was a pleasure to hear the instructive discussion of the Department of Economic Development and the Department of Higher Education merging in ways to prepare for the future of this state. Mr. Simmons and his predecessor, Mr. Joe Driskill, continue searching for opportunities in which the two departments can partner. There are roles for both departments in the recently created JOBS NOW program by Governor Holden. There is a strong business climate in Missouri.

The unemployment rate in the state has been consistently below the national average. Personal income of Missourians continues to grow faster than the national average. There has been some loss of manufacturing in Missouri and throughout the country as it has been directed overseas. However, it presently seems stabilized. Between January and December 2003, Missouri added 27,000 net new jobs while the nation lost about 232,000 jobs. Missouri's job growth is the eighth highest in the country and higher than all eight states bordering Missouri.

Missouri's economic trends are good and this momentum needs to be explored in relation to job creation. Mr. Simmon's primary goal is to locate opportunities to create high paying jobs in Missouri through industry clusters, such as advanced manufacturing, life sciences, and technology, which is the wave of the future for this state.

The JOBS NOW Program described in SB 1234, sponsored by Senator Mathewson and Senator Childers, involves the infrastructure portion of the program. It is basically comprised of three

components, of which 60 percent is for Missouri towns, cities, and communities to utilize for infrastructure-related programs, which many communities are incapable of starting or completing without an infusion of capital. This allows those entities to leverage other opportunities with the federal government, and the state of Missouri.

The JOBS NOW Program is cost-neutral because it provides the opportunity to take three existing tax credit programs that are underachieving at this time and place that money into a jobs fund that can then be underwritten with a bond issue in the amount of \$152 to \$200 million. It will be produced with the \$10 to \$15 million that is utilized by those tax credit programs on an annual basis, over a ten year period. The Missouri Development Finance Board would have ultimate control related to the actual applications received and dispersed. Low interest loans and grants will be made available to those communities who have infrastructure-related needs.

Another portion of the program, relating to colleges and universities, involves the Life Science Research Districts. There are currently 12 districts in the state, which enable businesses and universities to create their district, suitable to their area's needs, through business, universities, research, wet labs, etc. Taking the increments from those particular districts and putting them back into the life sciences could ultimately create jobs in the future.

Loan forgiveness is the other portion of this program, allowing the debt created by a student's college education, to be forgiven for students taking math and science curriculums in life sciences and staying within those fields upon graduation. Approximately 175,000 jobs have been created in Missouri through the life science industry and, as it continues to grow, it provides a definite future for this state. An industrial-based economy is being replaced by a knowledge-based economy, which will require Missouri to have a trained and educated workforce in order to compete with other states.

Jobs and education, and economic development and education are inseparable and necessary. The Department of Economic Development wants to work in complete partnership with the Department of Higher Education and the community colleges to attract business to Missouri with an educated, knowledgeable workforce.

The Department of Economic Development needs the higher education community as partners to sell Missouri to prospective employers as a state that believes in, supports, and delivers quality education.

Mrs. Wood asked if the tax credit portion of this program would create any competition between institutions for industry. Mr. Simmons stated that as colleges and universities continue to invest in life sciences and look at research and development from an academic standpoint, the possibility for competition exists. Research and development are quickly moving into commercialization, which will create jobs that will move the life science-related projects into commercialization, creating more jobs in manufacturing, advanced manufacturing, or technology. Competition per se among the universities is not likely, because the districts across the state will be empowered, within their districts, to devise their district to fit their needs. The Missouri General Assembly understands where Missouri's future stands with respect to life sciences.

Mrs. Wood asked if community colleges or their students would be eligible for loan forgiveness, and would community colleges be included in the tax credits? Mr. Simmons stated that

community colleges are vitally important with respect to training in the state of Missouri. The community colleges are an integral part of the JOBS NOW Program, which would enable some of them to pool their current bonding capacities, through legislation, affording them more resources for additional training. If the curriculum in the community colleges includes math and science, students should have the same eligibility basically provided by the four-year institutions.

Commissioner Wilson noted that Dr. John Wittstruck actively participates with the Missouri Training Employment Council, comprised of five state departments, including private businesses. The Alignment of Educational Priorities and Policy Recommendations, Attachment C, shows that many of the priorities of the state of the workforce report were the same as the Coordinating Board for Higher Education's priorities, the Commission on the Future of Higher Education, the Business Education Roundtable, and the Achievement Gap Elimination Report. They are all closely aligned in setting these priorities.

Mrs. Carmichael expressed appreciation to Mr. Simmons for his presentation. She stated that the Coordinating Board is concerned about programs being in place to promote the creation of jobs in the workforce and Mr. Simmons is concerned about having an educated workforce to fill those jobs and attract employers. It is a perfect fit of the two departments. She invited Mr. Simmons to return again to strengthen the relationship.

Mr. Bass noted that some community groups are not familiar with the life science initiative and therefore suggested that through the media, the institutions, or the department's outreach programs, information be provided for better understanding. Also, Missouri's five percent unemployment rate is actually 11 percent and 12 percent in the urban areas, which is alarming during times of prosperity.

Mr. Simmons plans to visit those urban areas, providing information about life sciences and what is happening in that area that the citizenry can comprehend. His goal is to provide an opportunity for all citizens throughout Missouri to participate. There are segments in the African American and Hispanic populations where males between ages 18 and 25 are unemployed by 50 percent or greater. This is an issue that requires more work to bring those segments of the population into the workforce.

Recommendation Communicating the Coordinating Board's Thoughts Regarding the FY 2005 Budget Recommendations

Chair Kauffman requested Mr. Martin to read the recommendation from previous discussions regarding the letter and the position of the Coordinating Board.

Mr. Martin stated **that it is recommended that the CBHE Chair send a letter to the House Budget Committee Chair, the House Appropriation's Education Committee Chair, and the Senate Appropriation's Committee Chair, expressing the Board's support for additional funding for the state's public higher education institutions, such as those provided in the Governor's FY 2005 recommendation. In addition, this communication should include the impact of proposed funding reductions to the DHE administration appropriations. This communication should include information related to previous funding reductions and the negative effects of funding reductions on not only the ability of the DHE to carry out its current statutory duties and responsibilities, but also the inability to implement future**

initiatives such as those contained in the report of the Commission on the Future of Higher Education. The Commissioner and staff should deliver this communication to the appropriate parties and continue to work closely with the members of the General Assembly, and others involved in this FY 2005 budget process.

Mr. Kruse moved to adopt the motion. Mrs. Carmichael seconded the motion, and it passed unanimously.

Mr. Bass asked if statistics concerning the appeal for more FTEs and applicable job descriptions was available to include with the letter. Mr. Martin stated that this recommendation did not include providing information related to higher education's previous funding reductions, the impact of those reductions, staff reductions, or expense and equipment reductions. The first provision expressed the board's support for additional funding for the state's public higher education institutions as provided in the governor's FY 2005 recommendations.

Mr. Grove suggested that a reason be given for the request for more money, such as the increased number of students requesting services would increase the need for higher education in the future.

Summary of Proposed Legislation Related to Higher Education

Mr. Martin noted the list of proposed legislation related to higher education behind Tab C of the Board Book. During the Presidential Advisory Committee meeting, bills related to various higher education proposals, name changes, bonding proposals, and tuition freezes were discussed. The JOBS NOW bill was discussed during the Department of Economic presentation. The community college bills related to Boards of Trustees, capital appropriations, maintenance repair funds, and the transfer and articulation bill (HB 1242) were discussed. Mr. Martin noted that the status of the bills and legislation is updated each Friday and is available on the department's website.

Strategic Planning Issues

Report of the Commission on the Future of Higher Education

Dr. Debra Cheshier presented an overview of the final report of the Commission on the Future of Higher Education. The Commission, appointed by the governor in March 2003, was composed of a 29-member board. Through their deliberations they arrived at the primary themes of making sure the state is looking at preparation as a critical issue for postsecondary success, increasing participation, and improving the quality of our institutions. Eight of the ten recommendations are focused on those three major themes. The remaining two recommendations focus on implementation strategies for achieving those recommendations.

Recommendation 9 involves local communities, particularly the business community, with higher education, establishing a private sector alliance. The alliance would be charged with increasing awareness of the benefits of higher education and support for higher education, including increased financial support.

Recommendation 10 calls for establishing an Education Leadership Taskforce, intended by the Commission to provide more depth and detail on many issues that the Commission did not have

time to adequately address, but also to arrive at specific action plans for implementing each of the eight recommendations.

Mrs. Carmichael asked whether recommendation 10 involves tasks and duties that are the responsibility of the Coordinating Board. She wanted the Coordinating Board to take a leadership role by examining each Commission recommendation, and how each should be implemented. She felt that if the governor appoints this Education Leadership Task Force, there is a danger that it may make decisions about restructuring higher education without appropriately involving the Coordinating Board. Dr. Cheshier stated that this particular taskforce would report annually to a number of bodies, including the Coordinating Board, and she did not believe the intent of the Commission was to usurp the authority of the Coordinating Board.

Chair Kauffman asked if the Commission might have developed strategies and possible funding sources had they deliberated longer. She asked if the call for establishing this task force was a way to complete the Commission's work or as a way to enlarge upon its charge. Dr. Cheshier stated that she believed the desire to establish a task force was largely a function of having a large commission comprised of very diverse individuals from every political spectrum with different life experiences; given the complicated nature of the issues they dealt with in only nine months, many Commission members likely felt additional time to adequately address these issues was needed.

Commissioner Wilson noted that the desire of the Commission is not to establish another commission, but to instead have a task force monitor implementation of the Commission's recommendations.

Mr. Kruse was pleased with the recommendation and believes it is necessary to move forward as outlined. He emphasized the importance of the alignment of PreK-16 and the connection of economic development with the business community for implementing the recommendations.

Mrs. Grove suggested that if a task force or another commission was formed, it should be task-specific and time-limited.

Mrs. Carmichael stated **that it is recommended that the Coordinating Board for Higher Education acknowledge the contributions of the members of the Commission on the Future of Higher Education, by expressing sincere gratitude to the Commission members and Academic Resource Team members for their dedication and service to the state by recommending ways to improve the performance of Missouri's system of higher education. It is further recommended that the Coordinating Board direct the Commissioner of Higher Education to evaluate the recommendations contained in the report and recommend implementation strategies for the Board's consideration in conjunction with the Commissioner of Education and the Director of the Department of Economic Development.**

The motion, moved by Mrs. Carmichael and seconded by Mr. Kruse, passed unanimously.

Chair Kauffman stated that this motion allows the Coordinating Board to move forward immediately to work on proposals for implementing the recommendations and communicates to the Commission and others the board's commitment to the work of the Commission.

Update on Measuring Value-Added Learning Improvement Project

Dr. Robert Stein presented an update on the Measuring Value-added Student Learning improvement project. Dr. Stein indicated this project raises questions concerning Missouri's assessment agenda. Who sets it? Who is responsible for it? Does it emerge haphazardly? Will it be superimposed top down as with K-12 and No Child Left Behind? Will it be designed collaboratively with quality principles as a major driver? There is a growing trend nationally for educational institutions to provide evidence of the value they add. The public wants evidence of learning that occurs as a result of a student spending time and money on a college or university campus. The RAND CLA Initiative is a national initiative, attractive to higher education because the institution is the unit of analysis, tasks are authentic, and students use computers to write memos and propose arguments. These assessments are scored on the computer. By participating in this pilot project institutions will have a direct experience with a national initiative that is underway, allowing them to benchmark against like institutions nationally. RAND is committed to being flexible by working with each institution, adapting their involvement to the culture of the institution.

Department staff believes there are limited risks to institutions that participate. CLA is not a perfect instrument, as it does not measure all student outcomes that are of interest to institutions. Staff is committed to building this initiative from the ground up, forming a consortium of institutions willing to withhold judgment, and willing to be fully immersed in designing the best pilot project possible. Staff is encouraging institutional leaders to view this as a decision to become engaged in the best of educational pursuits, that is: Seeking knowledge to inform understanding; to improve ability; to articulate perspective; and to increase the likelihood that policy decisions are informed by data garnered through systematic experimentation.

Dr. Stein is encouraged by the interest expressed by higher education institutions. Staff is available to support them or provide them with more information. A letter was sent to the chief academic officers. Copies of that letter summarizing some of the major points made during the board meeting will be sent to presidents and chancellors. This pilot project will involve only 100 to 200 students, per institution.

Chair Kauffman indicated it might be appropriate for the Coordinating Board to show its support for this pilot project and to encourage institutions to become involved and participate. Mrs. Grove moved **that the Coordinating Board for Higher Education express its support for the department's initiative on Measuring Value-Added Student Learning and encouraged all institutions to participate in the pilot project.** Mr. Bass seconded the motion, and it passed unanimously.

Annual Report of the DHE Proprietary School Program

Dr. Stein introduced the annual report of the DHE Proprietary School Program. The Proprietary School Certification handout, Attachment D, describes the many objectives to be accomplished. Providing information to the Coordinating Board about the scope and magnitude of this sector, its impact, and its potential impact in the state of Missouri, is a major objective. Currently, Missouri has 135 certified institutions operating programs at 158 instructional sites; more locations than the main campuses of the public and independent institutional systems in the state, not including extension and outreach. Proprietary campuses range from 20 students to 3,000 or

more. In fiscal year 2002, 64,700 students were enrolled, representing a number equivalent to 75 percent of the public community college enrollment. Ninety-one percent of proprietary school students are high school graduates or GED recipients. Fifty-four percent have attended another postsecondary institution. Twenty-four percent of the graduates are from underserved populations.

Missouri has a vibrant, important postsecondary educational sector that makes a significant contribution in the state of Missouri. Dr. Stein introduced Mr. Leroy Wade who directs this program. Dr. Stein commended Mr. Wade for his contributions to the department, to the Coordinating Board, and to this state. Dr. Stein also introduced Mr. Turner Brooks who is the corporate director for Student Assistance at Vatterott College and the current chair of the Missouri CBHE Proprietary School Advisory Committee, which is a group of committed institutional leaders who work closely with the department.

Mr. Wade and Mr. Hicks proceeded to provide the Coordinating Board with highlights of the Proprietary School Program, Attachment D. Mr. Wade introduced and expressed his appreciation of the support of Ms. Karen Finkenkoeller of ITT and Ms. Debra Crowe of Concord Career Institute, members of the Proprietary School Advisory Committee. Mr. Wade stated that the mission of this sector is outlined in the handout and was developed in consultation with the Advisory Committee, with the schools, and the contributions of DHE staff to their endeavors of educating the citizens. It is aligned well with the mission and values of the Coordinating Board for Higher Education and the Academic Affairs group. Staff wants to increase access, ensure quality for the students within the institution, perform well as a department, ensure that the institutions are high-performing institutions and contribute to the economic development in the state.

Staff categorizes the schools into three general groups:

- Missouri based private career schools, which number approximately 94 in the state. Most are for-profit institutions that range from small schools to large corporate-owned institutions. They offer a wide variety of programs.
- Non-Missouri based institutions that come into the state to provide education to Missouri citizens. The law is structured so they go through the certification process with the Department of Higher Education, providing a means to monitor the scope and magnitude of their participation in the state, and the contributions made to Missouri's educational system.
- Proprietary schools actively recruit students in Missouri to attend institutions in other parts of the country. These institutions also go through the certification process to be sure they meet the department's minimum standards and that Missouri's citizens get the financial and educational protections that the department provides them.

In 2002, \$151 million was delivered through financial aid programs to provide access to the proprietary schools. The default rate has been falling each year and is currently at 9 percent at the proprietary schools, which is an indication of the improvements that have occurred in this sector. Mr. Wade noted a correction on the handout concerning the classroom base, which is

actually 44,873. Minorities make up 20 percent of enrollment. Twenty-two percent are African American. Students without diplomas or GEDs, have declined from 9 percent last year to 7 percent this year. Those students have the ability to benefit the most from attending these schools. The median age of students now is 30-plus years.

Over 23,000 students graduated from the programs. Growth in terms of the number of degree programs has had an impact. Students are staying in the system longer than they have in the past. Seventeen percent of the completions were in degree programs, which have shown continual steady growth over the years.

In regard to Economic Development's cluster industries, three of the four largest program areas fit closely with those clusters. Allied Health, though not exactly a life science, is a support system for life sciences. Technical and mechanical programs and precision technology are all major components of the proprietary school programs and contributions in this state. The "at risk," referring to students without diplomas or GEDs, graduation rate is 76 percent. In postsecondary private career schools, at-risk students achieve better than the average student, possibly due to the supportive environment.

Statutory responsibility for proprietary schools was given to the Coordinating Board in 1983. Based on specific standards around different areas that relate to institutional quality, consistency, viability, and stability, this system has served well over the years. In dealing with a very diverse group of schools and students, a general expectation for a particular area, such as faculty qualifications, has been established without setting specific "trip wires". Hopefully, this system is meaningful, sets the appropriate rigor in that system, and allows for flexibility in adapting to each institution.

Program functions include issuance of certificates, dealing with new and existing certification processes, ensuring school closures are performed correctly, annual re-certifications, and providing technical assistance where needed. One long-term issue related to school closure is record maintenance and ensuring students have access to their records when they re-enter school or apply for jobs.

Compliance includes site visits, phone calls, technical assistance, and meetings at the DHE offices.

The schools' startup operations consume much of staff's technical assistance resources. Annually, 200 applications are sent to entrepreneurs for prospective new schools. Staff also produces public information, which requires more staff time and effort, to the public about all institutions, particularly private career schools, so the citizens of Missouri can make informed choices about their postsecondary education. Statistical summaries, action reports to the Coordinating Board, a directory of certified schools, and the department's website are other areas that staff will work to improve.

Unapproved schools are a continual issue, because they have begun operations or been in operation without having been certified. Staff deals with this issue regularly and diligently requiring a tremendous commitment of resources. A related issue, nationally as well as in Missouri, are diploma mills, which are not welcome to setup or operate from a Missouri location.

The process of attaining high standards takes time. This year, staff provided schools with an electronic application for re-certification to make the process smoother. A section on diploma mills will be added to the DHE website to provide pertinent information as a resource for citizens of Missouri.

Mr. Brooks provided a comparison of the growth trends of the proprietary school sector in 2001 and 2002. The total income reported by school in 2001 was \$182 million. In 2002, those schools generated an income of \$213 million, an increase of 17 percent. Payroll expenditures totaled \$81 million, an increase of 22 percent over the \$67 million reported in 2001.

The administrative staff and faculty of this sector showed a 5 percent increase in 2002 with over 2,800 employees serving over 64,000 students. The graduation rate was 72 percent and 70 percent of the graduates were employed in training related programs. There are approximately 1,600 instructional programs, producing 23,000 graduates. The citizens served by the proprietary sector are not traditional college students. They are primarily from downsized companies. Phone calls are made routinely to those who stray, bringing them back into the programs so they can graduate.

The proprietary schools administered a total student financial aid loan volume of \$93,329,000 in 2001. In 2002, \$102 million was administered, a 9 percent increase. They administered \$40 million in grants in 2001 and \$48 million in 2002, a 20 percent increase. The proprietary schools provide customized training for industries in a short time period and are attuned to what the market requires its workforce.

Mr. Wade stated that Mr. Brooks made a very important point in that this sector has made a significant contribution, both financially and educationally. The proprietary sector has a role to play as an engine of economic development by providing postsecondary education to meet the workforce needs of this state. The changing nature of private postsecondary education is being driven by a consolidation of private career school education nationally and, more recently, in Missouri. Missouri was immune to this until about 18 months to two years ago. Many of Missouri's schools have become part of this consolidation process, changing the nature of the relationship between the agency and the schools.

There are positive aspects to this trend such as a huge influx of capital, flexibility of those institutions, and expertise. For the DHE as an agency, it brings some challenges such as Securities and Exchange Commission (SEC) regulations, a new cast of players for publicly traded corporations, and working together in determining the role and performance of the institutions. The stock market is also involved. A news story may have an impact on stock price and on the value of the school without any connection to events taking place in the classroom.

Dr. Stein and Mr. Wade have had conversations statewide about student mobility and credit mobility regarding sector-to-sector transfer. This includes the identification of the impediments and the barriers, and assisting the institutions to make the system work smoothly. This is a national trend and the Department wants to be active in this area to increase access, increase the number of Missouri's citizens completing degree programs, and finding ways to make multiple entry points to move citizens through the system.

Chair Kauffman asked if any state moved forward with students being able to transfer their credits from a Vatterrott or a Devry to a public two- or four-year institution. Mr. Wade stated that no state has a perfect system. Florida has a common course numbering system that includes some private career schools, which is a step in that direction. Other states are taking different approaches, but no one has the right answer. Staff is beginning conversations with appropriate groups to begin identifying the scope and magnitude of this issue and what is really being done to break down some of the barriers and arrive at the issues that need addressing.

Dr. Stein stated that one of the emerging issues is that states want to emphasize what the student should know and be capable of performing, the competencies, the assessment, and if the assessment agenda moves. The DHE wants the opportunity to demonstrate that Missouri's students are able to perform and have the skills and the knowledge base to be able to transfer.

Chair Kauffman stated that the Coordinating Board and the department understand the important relationship that they have with the proprietary schools and the important role they play within the total postsecondary experience. The independent two- and four-year institutions and the proprietary schools all serve a role in educating students in this state at whatever age they may be achieving success, and for this they are appreciated.

CBHE Appointment to the Missouri Higher Education Loan Authority

Chair Kauffman stated that Mr. Bass will be retiring from his position as the Coordinating Board's representative to MOHELA. She appointed Mrs. Grove to assume the position as the Coordinating Board's representative.

Chair Kauffman acknowledged that Mr. Kruse will chair a CBHE succession planning committee.

Information Items

Distribution of Community College Funds

Mr. Martin announced that a bill, filed by Representative Graham and Representative Harris of Columbia, to create what they called the Higher Education Investment and Affordability Act, would remove the loss limits on gaming boat, increase the gaming boat tax, and increase the admission fees on riverboats. These funds would be deposited into a dedicated fund for higher education called the Higher Education Investment Fund. These revenues would be used to issue bonds for University of Missouri projects as proposed by the University, provide funding for every other four-year capital recommendation that the Coordinating Board has recommended for FY 2005, provide additional funds for all of the scholarship programs, and provide up to \$12 million for endowed chairs in life sciences at the University of Missouri. It would restore community college funding to FY 2002 levels and four-year institutions and CBHE core to FY 2002 levels.

Mr. Martin stated that Linn State is not included in the bill. He had assumed it would be included along with all the four-year institutions listed on the CBHE FY 2005 capital appropriation recommendations, but it was not. Mr. Martin will speak to Representatives Graham and Harris concerning their exclusion.

The lottery withholdings were released to all four-year institutions on February 1. The community college withholding was released to the community colleges on February 15. The total amount released to all institutions was \$2.5 million.

Upcoming Election for Proposed Junior College District of Lake of the Ozarks

Dr. John Wittstruck stated that on April 6, 2004 there will be an election in the Camdenton RIII and School of the Osage School districts regarding the establishment of a new community college district and the election of trustees. Staff is working with four county clerks, and appreciates the work that Jim Matchefts and Leroy Wade have contributed to this effort. Eleven people filed for candidacy for the board of trustees. One filing was returned because it did not meet the cut off date on January 20th. The county clerks have been extremely helpful. Staff met with them on two occasions to review their understanding of the process and review their procedures.

The Coordinating Board looks forward to the completion of this project.

Update on Issues Relating to Lincoln University and State Fair Community College

Dr. Stein acknowledged that Dr. Marsha Drennon, president, State Fair Community College, has remained in the audience throughout the meeting so that she could address the Coordinating Board. Currently State Fair Community College has CBHE authorization to offer six Associate of Applied Science (AAS) degrees and two one-year certificate programs in Jefferson City. The policy framework between Lincoln and State Fair was clarified in February 2002. The current agreement is effective through summer 2004. From State Fair's perspective, they have made a significant investment in Jefferson City. The college expected over time, a return on their investment based on an anticipated growth of some programs. Those programs have not developed as expected, resulting in a burden on the institution fiscally to keep the programs open. The current agreement is not working well from the perspective of either institution.

Based on recently approved state policy, Lincoln University is defined as the primary provider for any new programming at the lower-division level in Jefferson City unless unmet needs can be identified to which Lincoln is unable to be responsible. Currently, both institutions have been experiencing a decline in enrollment. State Fair has notified the Commissioner that it is giving serious consideration to phasing out its Jefferson City programs. The institution has acknowledged that it needs to make a decision soon in fairness to staff and students. A joint statement was issued on January 21, 2004 by both presidents indicating that they would protect all students currently enrolled should State Fair phase out its Jefferson City programs.

Mr. David Mitchem of the Missouri Training and Employment Counsel (MTEC) is analyzing the gap that would exist if State Fair discontinues its programs in Jefferson City. A preliminary analysis concerning careers associated with the degree's at State Fair's Jefferson City site suggests that there are only a few areas that are projected to have a substantial number of openings. Mr. Mitchem is in the process of identifying alternatives and opportunities that exist for Jefferson City residents. Although not at community college prices, many of the courses and programs offered by State Fair are also offered by one or more other institutions within a 30 mile radius of Jefferson City. State Fair Community College intends to utilize data, so it can make

informed decisions in a timely manner. Dr. Drennon has agreed to withhold making any decisions with her board until after the Coordinating Board has heard her report. Dr. Stein invited Dr. Drennon to add her commentary.

Dr. Drennon stated that over the last seven months extensive time has been spent in working through the current agreement to address challenges faced by State Fair Community College and Lincoln University. The presidents have agreed that they are not expending their human or financial resources well at this time. State Fair Community College is engaged in academic quality improvement projects, including a project that specifically involves site-based and program-based funding. Additional pressures on State Fair include an evaluation of available financial resources in light of enrollments going up between 5 percent and 6 percent annually, but being faced with withholdings over the past several years.

Dr. Drennon has consulted with other community college presidents, the DHE staff, and Dr. Henson and his staff. In speaking for State Fair Community College, she indicated that the current agreement is not a financially viable agreement. While enrollments initially increased during the first three years, they have decreased every year afterward. State Fair Community College is not currently able to offer a full range of general education courses that would allow students to transfer to four-year colleges, including Lincoln University, because the current agreement limits them to courses that support the AAS degrees only.

State Fair is committed to examining opportunities that would allow for the formation of a multi-institutional agreement to serve area students. Dr. Drennon indicated that her college agrees with the CBHE's policy on accessibility and increased participation. There is a concern about unnecessary duplication compared to necessary duplication and the level of unmet need. In analyzing their research on the population and the anticipated growth population in the Jefferson City area, it is clear there is a significant number of students who choose to attend other institutions across the state and out-of-state.

Dr. Drennon stated that the decision they face is critical. It impacts State Fair to the point that revenues are only half of their expenses in terms of the programs offered in Jefferson City. To operate a viable program in Jefferson City, the agreement would need to be significantly changed so State Fair could offer more general education courses including the AA degree to meet the students' needs in terms of their educational plans as well as to have additional resources to support their current program commitments.

Dr. Drennon indicated that she hoped that there would be opportunities to create the kinds of educational centers and the kinds of learning opportunities that support the Commission on the Future of Higher Education's Report, particularly as it concerns recommendation number five – the alignment of two- and four-year programs. At the same time she acknowledged that State Fair needs to act expeditiously to make some very difficult decisions. In order to function appropriately and in a financially feasible manner in Jefferson City, the college needs to expand its programming significantly.

Mr. Bass asked if Lincoln had been involved throughout the deliberations and whether they would propose a solution. He wanted to be assured that both institutions were working together.

Dr. Stein indicated that Lincoln has been and continues to be involved in discussions about Jefferson City's educational needs. He acknowledged that Dr. Joe Simmons has been in the audience and asked him to join Dr. Drennon at the table.

Mr. Simmons stated that he had been involved in much of the discussion concerning Lincoln University and State Fair, and that information item number 3 in the Board Book accurately summarized the current situation as Dr. Drennon had indicated. At this particular time, the financial integrity of both institutions is being seriously jeopardized. According to Mr. Simmons, Lincoln University does not have the financial resources to go beyond where it currently is in the scope of providing additional educational opportunities under the State Fair banner. While Lincoln has worked extremely hard since 1999 to bring forth the kinds of opportunities that would be meaningful for students and the citizens in the mid-Missouri area, they also found that the financial liability of things have come into question at this time.

Mrs. Grove asked if there was a need in Jefferson City for the type of programming offered by State Fair or is Lincoln currently meeting the need, and if the students have available to them what they need to further their education.

Dr. Stein stated that the initial analysis by MTEC suggests that opportunities and options are available for students to complete many of the programs offered by State Fair, but not at State Fair's prices. At the same time, there is an increased demand by students in this area for more general education at a lower cost. Community colleges do provide access at a different cost to the student. Dr. Drennon has said that for State Fair to offer the technical programs, they need to be able to offer more general education courses in order to make enough money to underwrite the expense of the technical programs, which would duplicate Lincoln's general education program. The MTEC analysis is not about general education, only about the technical degree programs.

Mrs. Wood stated that she thought State Fair Community college was put in a very compromising position. They were asked to fulfill a need that was not feasible. She wanted to know if there was a policy in place that could prevent that from happening again to other institutions, because it is terrible that so many financial resources have been spent.

Dr. Stein stated that the policy, which the Coordinating Board passed on lower-division coursework, lower-division certificates and associate degree delivery establishes processes to follow to meet local need and to have issues brought to the table at the front end before decisions are made.

Chair Kauffman thanked both institutions for their efforts in dealing with this situation. She indicated that the Coordinating Board appreciates what has been done, and understands that the decisions faced by both institutions are not easy ones.

Academic Program Actions

Dr. Stein stated that while this is a standard item, he wanted to make the Coordinating Board aware that Northwest was approved for two collaborative master's-level programs to be offered in Joplin, Missouri. There was much discussion and involvement of institutions in the legislation that changed Southern's name. Local institutions indicated support for these new degrees as they

do not have the necessary expertise to launch these programs with Southern. Discussion is occurring between Southwest Missouri State University and Missouri Southern State University-Joplin on a Master of Arts degree in Teaching, but there are still some hurdles to overcome prior to formal submission of this proposal.

Proprietary School Certification Actions and Reviews

Dr. Stein stated that this item is standard. He expressed thanks to Mr. Wade and his staff for meeting the deadline, with assistance from consultants in submitting a report and staff analysis on the John Thomas College of Naturopathic Medicine's proposal for certification. A letter was sent to the college with the Commissioner's approval indicating that at this time, the department would have to turn down the college's application. To avoid a negative result, John Thomas College was given the option to either withdraw its application or to make a commitment to address the deficiencies that were identified by the external consultants' review of their application. A final decision will be made no later than six months from now.

Distribution of the Cycle-2 Department of Higher Education (DHE) Improving Teacher Quality Funds for Professional Development

Dr. Stein acknowledged that the evaluation of Cycle 2 proposals was complete and awards were made to eight institutions. He further indicated that negotiations, on the amount of reward for Missouri Western, were still under way when the Board Book was printed.

Dr. Stein produced a letter (Attachment E) for Commissioner Wilson to sign indicating that Western's award has been set at \$117,111. Negotiations with Missouri Western State College have now been finalized.

Dr. Stein acknowledged that there were no fundable proposals for St. Louis City. As a result an additional RFP Cycle 2B was issued for \$150,000 with a very short window for submission. The decision to issue a second Cycle 2 RFP is in response to the department's obligation to have geographical distribution in the use of these federal funds. The successful proposals will have to assure that at least 50 percent of the participants come from eligible schools in the St. Louis public school district; the remaining participants can come from surrounding St. Louis schools that are eligible, based on poverty and quality of teachers.

There being no further business to come before the board, Mrs. Carmichael moved to adjourn the meeting. Mrs. Wood seconded the motion, and it passed unanimously.

The meeting adjourned at 5:00 p.m.

Roster of Guests
Coordinating Board for Higher Education
February 19, 2004

Name	Affiliation
Karla Albert	MOHELA
Cassandra Alexander	National American University/MAPCCS
Terry Barnes	Mineral Area College
Brent Bates	State Fair Community College
Scott Bell	State Fair Community College
Constance Bowman	Harris-Stowe State College
Turner Brooks	Vatterott College
Donald Claycomb	Linn State Technical College
Deborah Crow	Concorde Career Institute/CBHE Proprietary School Advisory Committee
Jeanie Crain	Missouri Western State College
Kerry Crist	Governor's Office
Susan Crump	MOHELA
Michael Cummins	MOHELA
Barbara Dixon	Truman State University
Deborah Dixon	State Fair Community College
Ken Dobbins	Southeast Missouri State University
Marsha Drennon	State Fair Community College
Karen Finkenkiller	ITT Technical Institute
Christopher Gearin	Hickey College/MAPCCS/CBHE Proprietary School Advisory Committee
Tom George	University of Missouri-St. Louis
Henry Givens, Jr.	Harris-Stowe State College
Rodney Gray	Truman State University
John Greer	MOHELA
Michaelle Holland	National American University/MAPCCS
Dean Hubbard	Northwest Missouri State University
Evelyn Jorgenson	Moberly Area Community College
James Kellerman	Missouri Community College Association
Janet Land	State Fair Community College
Jeff Lashley	Moberly Area Community College
Stephen Lehmkuhle	University of Missouri System
Gretchen Lockett	Harris-Stowe State College

Michael McManis
Marianne Mills
Norman Myers

Truman State University
Office of Administration-Budget & Planning
Ozarks Technical Community College

Walter Nolte
Marty Oetting
Ann Pearce
Allan Purdy
Edgar Rasch

North Central Missouri College
University of Missouri System
Central Missouri State University
MOHELA
Maryville University of St. Louis

Donna Richmond
Dave Russell
Cleo Samudzi
Henry Shannon
Joe Simmons

National American University/MAPCCS
University of Missouri System
Northwest Missouri State University
St. Louis Community College
Lincoln University

Kelvin Simmons
Jane Stephen
Rochelle Tilghman
Gary Thomas
Susan Thompson

Department of Economic Development
Southeast Missouri State University
Harris-Stowe State College
University of Missouri-Rolla
St. Louis Post-Dispatch

Tom Vansaghi
Bob Watson
Beth Wheeler
Kelly Wiese

Metropolitan Community Colleges
Jefferson City News Tribune
Missouri Western State College
Associated Press

Update on the University of Missouri and Northwest Missouri State University Merger Proposal

There will be a handout of this proposal available at the
CBHE Board Meeting on April 8, 2004

Alignment of Educational Priorities and Policy Recommendations					
	CBHE	COFHE	TAGE	BERT	WORKFORCE REPORT
1. Core Curriculum/ Student Preparation		●	●	●	●
2. Teacher Quality	●	●	●	●	●
3. Financial Aid	●	●		●	●
4. Quality & Performance Improvement	●	●	●	●	●
5. Workforce & Employer Needs	●	●		●	●
6. Awareness/ Public Support		●		●	●
7. Engage the Business Community		●		●	●
8. Access and Completion	●	●		●	●

CBHE - Coordinating Board for Higher Education

CPFHE - Commission on the Future of Higher Education

TAGE - Achievement Gap Elimination – Report of the Missouri K-16 Task Force

BERT - Report of the Missouri Business Education Roundtable – July 30, 2003

WORKFORCE REPORT - Missouri State of the Workforce Report 2003

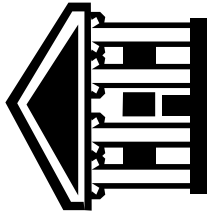
Proprietary School Certification

**Annual Report to the
Coordinating Board for Higher Education
February 19, 2004**

Certification Program Mission

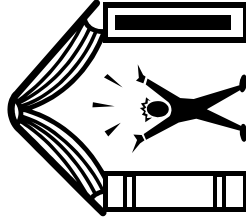
- Access to quality postsecondary education and job oriented training
- Meaningful and rigorous oversight
- Understanding of the contribution of certified schools to state and citizens

Institutional Data



Institutional Mix

- 135 Certificates Issued, 158 Instructional Sites
- 16 Initial Certificates Issued, 12 Missouri-based
- 93 Missouri-based Schools, 27 Accredited



Program Diversity

- 1,673 Instructional Programs
- Primary Program Areas
 - Business (24%)
 - Precision Technology (31%)
 - Allied Health (20%)
 - Technical/Mechanical (10%)



Financial Aid: \$151 M Awarded

- Federal Loans: 63 %
- Institutional Aid: 6 %
- Default Rate: 9 %

Student Data for 2002



Total Enrollment: 64,693

Classroom-based: 44,837

Correspondence/Distance: 19,820



Student Demographics (Classroom-based)

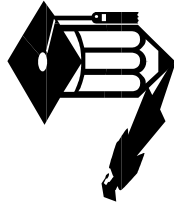
Ethnic Minority: 27 %

Degree Seeking: 39 %

High School or GED: 93 %

Over 22 Years Old: 77 %

Student Data for 2002



Completions: 23,340

Degrees: 17 %, Other Awards: 83%

Ethnic Minority: 24 %



Instructional Programs

Technical/Mechanical: 31 %

Allied Health: 24 %

Precision Technology: 24 %

Business: 15 %



Performance

Overall graduation Rate: 72 %

"At Risk" Graduation Rate: 76 %

Training Related Employment Rate: 70 %

Background

- **Statutory Responsibility**
 - Initial Passage-1983
 - Amended-1991
- **Standards Based Process**
 - Standards Revised-2001
 - Review Categories
 - Governance/Control
 - Program Content and Information
 - Faculty Qualifications
 - Financial Stability
 - Financial Information
 - Student Services Information/Records

Program Functions

- **Consumer Protection**
 - New and Existing Certification Process
 - School Closure/Record Maintenance
 - Compliance/Site Reviews
- **Technical Assistance**
 - School Start Up Support
 - Ongoing Support and Training
- **Public Information**
 - Annual Statistical Summary
 - Regular Action Report to Board
 - Directory of Certified Schools
 - Internet site

Program Strategies/Challenges

- Quality Control and Assurance
 - Consumer Information/Informed Choice
 - New and Unapproved Schools
 - Distance Education
 - Diploma Mills
- Evolution of Educational Delivery
 - Demand for Credentials and Certifications
 - Program Focus on Practitioner Rather than Scholar
 - Shifting Emphasis from Institution to Student
- Improvement in Program Operation
 - Focus on Customer Service and Responsiveness
 - Electronic Application and Reporting
 - Workshops/Conferences/Individual Assistance

Sector Challenges/Opportunities

- Educational Contributions to the State
 - Expanding Access to Postsecondary Education
 - Workplace Focused Programs
- Educational Opportunities for Citizens
 - Student Focused Institutions and Programs
 - First Generation Students
 - Alternative approach
- Economic Contribution
 - Direct Financial Contribution as Businesses
 - Skilled Graduates Needed by Business and Industry

Emerging Issues

- Changing Nature of Private Postsecondary Education
 - Expansion of Educational Providers
 - Corporate Ownership
- Integration of Postsecondary Sectors
 - Unified Definitions
 - Expanding System Access
- Student and Credit Mobility
 - Transfer of Credit
 - Accreditation
 - Distance Education

Advisory Committee

- Turner Brooks-Vatterott College
- Kathleen Crawford-St. Charles School
- Deborah Crow-Concorde Career Institute
- Karen Finkenkeller-ITT Technical Institute
- Brian Stewart-Bryan College
- Gerald Terrebrood-Springfield College
- Karen Watkins-TelTemps Training Resources



February 20, 2004

Dr. Martin Johnson
Dean, Liberal Arts & Sciences
Administration 211 - MWSC
4525 Downs Drive
St. Joseph, MO 64507

Dear Dr. Johnson:

Thank you for submitting your proposal, *Fostering Science Learning Through Inquiry-Based, Student Centered Pedagogy and Learning Communities*, to the Cycle-2 DHE Improving Teacher Quality Grant competition. I am pleased to inform you that your proposal has been recommended for an award of \$ 96,000.

Competition for funds was intense; fifteen proposals, requesting a total of just over \$2 million, were received and evaluated for this funding cycle. The proposals were reviewed by an eight-member panel of scientists and science education professionals from elementary, secondary, and higher education. Although the overall quality of the submitted proposals was excellent, it was possible to fund only eight outstanding professional development projects for approximately \$900,000. An additional \$150,000 has been set aside for a second round of proposals specifically aimed at addressing the science teacher professional development needs of the St. Louis City school district and high-need perimeter schools.

Each award is administered as a contract for services rendered. Please refer to the accompanying agreement for the contractual details specific to your award. Enclosed for your use are the following forms:

- Contractual Agreement
- Grant Administration Guidelines
- Compliance Audit Checklist
- Certification Regarding Debarment, etc. (Form ED 80-0014)
- External Evaluation Agreement.

The Contractual Agreement and Form ED 80-0014 must be signed and returned to Laura Vedenhaupt, Department of Higher Education, 3515 Amazonas Drive, Jefferson City, MO 65109, by February 27, 2004.

Dr. Martin Johnson

February 20, 2004

Page 2

The use of the Compliance Audit Checklist and Form ED 80-0014 are explained in the enclosed Contractual Agreement and Grant Administration Regulations. Furthermore, you will be asked to use the Performance Report form to report on your project activities later this year, and this form will be made available for you on the DHE web site. The budget form for request of Cycle-2 DHE Improving Teacher Quality Grant funds will also be made available on the DHE web site. Further questions or any communication regarding this program or contractual matter should be addressed to Laura Vedenhaupt at 573-751-1798 (laura.vedenhaupt@dhe.mo.gov).

Thank you for your dedication to the improvement of mathematics and science in Missouri and your interest in providing high-quality professional-development opportunities for the teachers of the state. I am delighted that you will be a partner with the Department of Higher Education in this important undertaking.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin C. Wilson". The signature is fluid and cursive, with the first name "Quentin" being more prominent than the last name "Wilson".

Quentin C. Wilson

Commissioner of Higher Education

Enclosures

- c: Dr. James Scanlon, President, Missouri Western State College
- Dr. David Arnold, Vice President for Academic Affairs, Missouri Western State College
- Dr. Michael Ottinger, Assistant Professor of Physics, Missouri Western State College

AGENDA ITEM SUMMARY

AGENDA ITEM

Summary of Proposed Legislation Relating to Higher Education
Coordinating Board for Higher Education
April 8, 2004

DESCRIPTION

The second regular session of the 92nd Missouri General Assembly convened on January 7, 2004. Summaries of bills filed relating to higher education are provided on the attachment.

STATUTORY REFERENCE

Section 163.191, RSMo, and Chapter 173, RSMo

RECOMMENDED ACTION

This is a discussion item only.

ATTACHMENT

Summary of Higher Education Related Legislation

**Summary of Higher Education Related Legislation
Second Regular Session, 92nd General Assembly**

Bill Number	Sponsor	Description
SB 702	Russell	Requires University of Missouri Board of Curators to make policy decisions by means of a roll-call vote
SS/SCS/SB 714 & 761	Kinder	Changes name of Southwest Missouri State University to Missouri State University, increases board from 8 to 10 members, MSU to not duplicate research and land grant mission of UM, offer only cooperative engineering programs and research-based doctoral programs with UM, may offer professional doctoral programs that do not duplicate UM's with CBHE approval, not duplicate existing first professional programs at UM without determination of need by CBHE, changes name of Central Missouri State University to University of Central Missouri
SB 721	Jacob	Repeals loss limit, creates educational job retraining fund to provide training and tuition assistance to qualifying Missouri residents, and seeks to increase College Guarantee and Bright Flight funding
SB 723	Jacob	Establishes faculty representatives on the governing boards of public 4-year colleges and universities
SB 724	Bland	Establishes accreditation of charter schools
SCS/SB 755	Shields	Changes name of Missouri Western State College to Missouri Western State University, prohibits A+ Program funds from being issued to any four-year higher education institution, and removes age restriction for admission of students at the University of Missouri
SB 761	Champion	Changes name of Southwest Missouri State University to Missouri State University
SB 768	Nodler	Establishes new qualifications for the Board of Governors of Missouri Southern State University-Joplin
SCS/SB 780	Caskey	Freezes tuition rates for Missouri undergraduates from the time they enter college until they graduate (SCS: provision applies only to 4-year institutions)
SB 816	Dougherty	Allows foster children to receive a tuition and fee waiver to attend higher education institutions
SB 858	Klindt	Prohibits A+ Program funds from being issued to any four-year higher education institution
SB 879	Bland	Establishes the General Assembly Scholarship Program funded by a nonresident earnings tax
SB 926	Loudon	Authorizes the Joint Committee on Wagering and Gaming to solicit bids for university study of pathological gambling
SB 933	Yeckel	Creates a second college savings program, the Missouri Higher Education Deposit Program, and allows income tax deductions for 529 programs other than MOST

SB 967	Shields	Changes definition of eligible private institutions for participation in the Charles Gallagher Student Financial Assistance Program and makes changes to the Nursing Student Loan Program
SB 975	Dougherty	Permits certain private vocational and technical schools to receive A+ reimbursements
SB 978	Stoll	Establishes the Collaborative for Applied Experiences in Science (CAES) program
SB 979	Stoll	Establishes the Missouri Statewide Initiative for Scientific Education Enhancement (MOSISE) program
SB 995	Coleman	Changes name of Harris-Stowe State College to Harris-Stowe University
SCS/SB 1038	Yeckel	Revises banking laws and creates the Missouri Higher Education Deposit Program
SB 1052	Jacob	Removes age restriction for admission of students at the University of Missouri
SB 1072	Dougherty	Establishes the Hope Scholarship Program
SB 1082	Childers	Creates the Division of Network Efficiency within the Office of Administration and creates the State Communications Commission to focus on the state's communications/telecommunications policies
SCS/SB 1091	Klindt	Provides that community college course offerings lead to the granting of baccalaureate or higher degrees through transfer and articulation and adds workforce development and new job training to the community college definition
SB 1101	Steelman	Provides that the president of the University of Missouri shall not serve as the chancellor of any campus in the system
SB 1109	Coleman	Allows eligible nonimmigrant aliens to receive in-state tuition at Missouri higher education institutions
SB 1110	Coleman	Changes name of Harris-Stowe State College to Harris-Stowe State University
SB 1112	Clemens	Allows community college board of trustees to forego an election if the number of candidates filed is equal to the number of open positions
SB 1180	Shields	Allows the Missouri Development Finance Board to create life science funding districts
SB 1221	Kinder	Authorizes the issuance of bonds for construction and renovation projects at the University of Missouri and allows the University of Missouri Curators to enter into a long-term ground lease for the purpose of constructing a hotel/convention center
SB 1227	Russell	Authorizes the issuance of bonds for construction and renovation projects at the University of Missouri
SCS/SB 1234	Mathewson	Implements the Jobs Now initiative
SB 1274	Shields	Establishes the Missouri Area Health Education Centers

		Program
SB 1295	Klindt	Transfers Northwest Missouri State University to the University of Missouri
SB 1302	Champion	Allows the Southwest Missouri State University Board of Governors to convey land
SB 1305	Champion	Authorizes the issuance of bonds for higher education construction and renovation projects
SB 1309	Stoll	Provides social security number protections at public higher education institutions
SB 1339	Callahan	Allows private higher education institutions to sponsor charter schools
SB 1352	Stoll	Establishes alternative charter schools
SB 1367	Yeckel	Makes certain students eligible for in-state tuition regardless of immigration status
SB 1387	Dolan	Adds one voting student board member to the boards of Southeast Missouri State University, Missouri Western State College, Harris-Stowe State College, Northwest Missouri State University, Central Missouri State University, Missouri Southern State University-Joplin, Southwest Missouri State University, Truman State University, Lincoln University, and Linn State Technical College
SB 1389	Dolan	Provides social security number protections at public higher education institutions
SCR 31	Vogel	Allows the University of Missouri Curators to enter into a long-term ground lease for the purpose of constructing a hotel/convention center at UMC
SCR 38	Vogel	Allows the University of Missouri Curators to enter into a long-term ground lease for the purpose of constructing a hotel/convention center at UMC
SCR 40	Steelman	Allows the University of Missouri Curators to enter into a long-term ground lease for the purpose of constructing a student residential facility at UMR
HB 767	Schaaf	Changes name of Missouri Western State College to Missouri Western State University
HB 773	Icet	Removes age restriction for admission of students at the University of Missouri
HCS/HB 777	Marsh	Changes name of Southwest Missouri State University to Missouri State University, increases board from 8 to 10 members, MSU to not duplicate research and land grant mission of UM, offer only cooperative engineering programs and research-based doctoral programs with UM, may offer professional doctoral programs that do not duplicate UM's with CBHE approval, not duplicate existing first professional programs at UM without determination of need by CBHE, changes name of Central Missouri State University to University of Central Missouri
HB 816	Walker	Allows American Sign Language courses to be regarded as a

		foreign language course offered for academic credit
HB 825	Wildberger	Changes name of Missouri Western State College to Missouri Western State University
HB 860	Rupp	Allows students seeking theology or divinity degrees to participate in certain state higher education financial assistance programs
HB 885	Wilson, K.	Prohibits public institutions or any entities receiving state funds from adopting discrimination policies that exceed state and federal protections against discrimination.
HB 954	Crowell	Governor to appoint president and vice-president of CBHE, as well as boards of certain public higher education institutions
HCS/HB 957	Cunningham, M.	Creates a War on Terror survivors scholarship program
HCS/HB 959	Luetkemeyer	Creates a second college savings program, the Missouri Higher Education Deposit Program, and allows income tax deductions for 529 programs other than MOST
HB 1033	Viebrock	Allows community college board of trustees to forego an election if the number of candidates filed is equal to the number of open positions
HB 1048	Parker	Excludes capital appropriations from annual appropriations for community college maintenance and repair funds
HB 1137	Rupp	Amends the A+ Schools program to make provisions for repayment of federal Stafford loans for tuition, fees and books
HB 1138	Rupp	Amends the A+ Schools program to make provisions for repayment of federal Stafford loans for tuition and fees, and includes all state four-year institutions of higher education
HB 1147	Stevenson	Establishes new qualifications for the Board of Governors of Missouri Southern State University-Joplin
HB 1169	Luetkemeyer	Provides social security number protections at public higher education institutions
HB 1242	Fares	Requires 4-year colleges or universities to accept transfer credit for all college-level courses applicable to an associate of arts degree at public 2-year institutions
HB 1417	Baker	Requires that one voting board member of the University of Missouri, Southwest Missouri State University and Truman State University be a student
HB 1421	Dempsey	Creates the Community College Job Retention Training Program
HB 1426	Pearce	Exempts from state income tax the first three years of income earned by any person who completes a masters or doctoral degree from any Missouri public or private institution
HB 1498	Schneider	Permits certain private vocational and technical schools to receive A+ reimbursements
HB 1506	Reinhart	Allows eligible nonimmigrant aliens to receive in-state

		tuition at Missouri higher education institutions
HB 1513	Crowell	Provides that all state college and university diplomas shall contain the words "in the year of our Lord", "Anno Domini", or "A.D." within the date
HB 1537	Graham	Repeals loss limit, increases gross receipts tax on gaming boats, increases boarding fee, and removes the non-resident tax deduction on state income taxes to provide funding for capital projects at the public four-year higher education institutions, additional scholarships, endowed life science chairs at UM, and core restoration to FY 2002 levels for the colleges and universities and CBHE
HB 1589	Hanaway	Authorizes the issuance of bonds for construction and renovation projects at the University of Missouri
HB 1613	Morris	Allows the Southwest Missouri State University Board of Governors to convey land
HB 1658	Jones	Changes name of Harris-Stowe State College to Harris-Stowe State University
HB 1671	Hanaway	Authorizes the president of any public university in this state to present to the life sciences research board financial commitments on behalf of the university to fund an endowed life sciences research chair academic position
HB 1672	Stevenson	Provides that college-owned book stores may not provide credit or financial aid for books at official store without providing for the use of credit or financial aid at non-affiliated book stores.
HB 1674	Smith, J.	Freezes tuition rates for Missouri undergraduates from the time they enter college until they graduate
HCR 31	Holand	Urges all public schools and institutions of higher education to review the proper etiquette and respect for the American Flag and National Anthem for students participating in school programs

AGENDA ITEM SUMMARY

AGENDA ITEM

FY 2005 Budget Update
Coordinating Board for Higher Education
April 8, 2004

DESCRIPTION

The House Budget Committee is still considering the FY 2005 budget. The attachment contains the House Budget Committee's proposal for the Department of Higher Education (DHE) budget to date.

STATUTORY REFERENCE

Chapter 173, RSMo, Chapter 33.210 – 33.290, Chapter 163.191, RSMo

RECOMMENDED ACTION

This is a discussion item only.

ATTACHMENT

FY 2005 Budget Summary

FY 2005 - Administration

	FY 2004 Core Budget		FY 2005 CBHE Recommendation		FY 2005 Gov Recommendation		FY 2005 House Budget Com.*		House Budget % Change from FY 2004 Core	
		FTE		FTE		FTE		FTE		FTE
Coordination Admin - Core	789,095	14.35	789,095	14.35	788,605	14.35	786,757	14.35	-0.30%	0%
Proprietary - Core	155,622	2.60	155,622	2.60	155,622	2.60	155,622	2.60	0%	0%
Grant/Schol. Admin - Core	275,951	4.95	275,951	4.95	275,416	4.95	275,416	4.95	-0.19%	0%
Cost of Living Salary Adj.	N/A		N/A		18,991		0		N/A	
Proprietary Bond Fund	100,000		100,000		100,000		100,000		0%	
MHEC	82,500		82,500		82,500		82,500		0%	
Mo Learners' Network	410,800		0		0		0		-100%	
Anatomical Board	3,069		3,069		3,069		3,069		0%	
Eisen./Teacher Quality - Core	1,775,225	1.00	1,775,225	1.00	1,775,225	1.00	1,775,225	1.00	0%	0%
Cost of Living Salary Adj.	N/A		N/A		1,137		0		N/A	
New Federal/Other Grants	2,000,000		2,000,000		2,000,000		2,000,000		0%	
TOTAL	5,592,262	22.90	5,181,462	22.90	5,200,565	22.90	5,178,589	22.90	-7%	0%

* House Bill 1003 is still being considered by the House Budget Committee. The figures reflect committee action as of March 26, 2004.

FY 2005 - Financial Assistance And Outreach

	FY 2004 Core Budget		FY 2005 CBHE Recommendation		FY 2005 Gov Recommendation		FY 2005 House Budget Com.*		House Budget % Change from FY 2004 Core	
		FTE		FTE		FTE		FTE		FTE
Academic Scholarship (Bright Flight)	15,787,000		15,787,000		15,787,000		15,787,000		0%	
Gallagher Scholarship Program	16,628,436		16,628,436		16,628,436		16,628,436		0%	
College Guarantee Program	8,385,000		8,385,000		8,385,000		8,385,000		0%	
Advantage Missouri Program	629,000		200,000		200,000		164,825		-74%	
Public Service Grant Program	38,250		60,710		60,710		60,710		59%	
Vietnam Survivor Program	10,200		33,570		33,570		33,570		229%	
Marguerite Ross Barnett Program	425,000		425,000		425,000		425,000		0%	
GEAR UP - Core	1,704,612	6.50	1,664,612	5.50	1,664,612	5.50	1,664,612	5.50	-2%	-15%
Cost of Living Salary Adjustment	N/A		N/A		4,251		0		N/A	
TOTAL	43,607,498	6.50	43,184,328	5.50	43,188,579	5.50	43,149,153.00	5.50	-1%	-15%

FY 2004 Supplemental - Financial Assistance And Outreach
--

	Gov Recommendation	House Recommendation	Senate Recommendation
FY04 Public Service Grant Program	22,460	22,460	22,460
FY04 Vietnam Survivor Program	23,370	23,370	23,370

* House Bill 1003 is still being considered by the House Budget Committee. The figures reflect committee action as of March 26, 2004.

FY 2005 - Missouri Student Loan Program

	FY 2004 Core Budget		FY 2005 CBHE Recommendation		FY 2005 Gov Recommendation		FY 2005 House Budget Com.*		House Budget % Change from FY 2004 Core	
	FTE		FTE		FTE		FTE		FTE	
Loan Program Admin - Core	13,006,761	59.33	12,183,607	56.83	12,183,607	56.83	12,183,607	56.83	-6%	-4%
E-Gov't - Core	485,400	6.00	431,808	4.50	431,808	4.50	431,808	4.50	-11%	-25%
Cost of Living Salary Adjustment	N/A		N/A		48,421		0		N/A	
Loan Program Revolving Fund and Other Loan Funds	100,750,001		98,750,000		98,750,000		98,750,000		-2%	
TOTAL	114,242,162	65.33	111,365,415	61.33	111,413,836	61.33	111,365,415	61.33	-3%	-6%

FY 2004 Supplemental - Missouri Student Loan Program
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	Gov Recommendation	House Recommendation	Senate Recommendation
FY04 Loan Program Administration	500,000	250,000	250,000

* House Bill 1003 is still being considered by the House Budget Committee. The figures reflect committee action as of March 26, 2004.

FY 2005 - All Institutions					
	FY 2004 Core Budget	FY 2005 CBHE Recommendation	FY 2005 Gov Recommendation	FY 2005 House Budget Com.*	House Budget % Change from FY 2004 Core
<u>Community Colleges</u>					
Crowder	4,222,071	4,222,071	4,465,449	4,222,071	0.00%
East Central	5,128,536	5,128,536	5,424,168	5,128,536	0.00%
Jefferson	7,524,940	7,524,940	7,958,711	7,524,940	0.00%
Metropolitan	31,262,271	31,262,271	33,064,367	31,262,271	0.00%
Mineral Area	4,930,197	4,930,197	5,214,395	4,930,197	0.00%
Moberly	4,705,113	4,705,113	4,976,336	4,705,113	0.00%
North Central	2,433,790	2,433,790	2,574,084	2,433,790	0.00%
Ozark Technical	8,955,085	8,955,085	9,471,295	8,955,085	0.00%
St. Charles	6,525,711	6,525,711	6,525,711	6,525,711	0.00%
St. Louis	44,952,394	44,952,394	47,543,648	44,952,394	0.00%
State Fair	5,227,354	5,227,354	5,528,682	5,227,354	0.00%
Three Rivers	4,154,091	4,154,091	4,254,359	4,154,091	0.00%
Sub Total	130,021,553	130,021,553	137,001,205	130,021,553	0.00%
Tax Refund Offset	250,000	250,000	250,000	250,000	0.00%
TOTAL	130,271,553	130,271,553	137,251,205	130,271,553	0.00%
<u>State Technical College</u>					
Linn State Technical College	4,433,887	4,433,887	4,689,475	4,433,887	0.00%
Tax Refund Offset	30,000	30,000	30,000	30,000	0.00%
TOTAL	4,463,887	4,463,887	4,719,475	4,463,887	0.00%
<u>Four-year Institutions</u>					
Missouri Southern	20,373,791	20,373,791	20,373,791	20,623,791	1.23%
Missouri Western	20,084,703	20,084,703	20,084,703	20,084,703	0.00%
Central Missouri	52,567,478	52,567,478	55,597,699	52,567,478	0.00%
Southeast Missouri	42,805,983	42,805,983	45,273,509	42,805,983	0.00%
Southwest Missouri	77,757,193	77,757,193	80,294,626	78,482,193	0.93%
Northwest Missouri	29,167,319	29,167,319	29,167,319	29,167,319	0.00%
Truman State	39,813,848	39,813,848	42,108,894	39,813,848	0.00%
Lincoln University	16,360,445	16,360,445	17,298,105	16,360,445	0.00%
Harris-Stowe	9,581,032	9,581,032	10,133,324	9,581,032	0.00%
University of Missouri	388,738,932	388,738,932	411,147,559	388,738,932	0.00%
Sub Total	697,250,724	697,250,724	731,479,529	698,225,724	0.14%
Tax Refund Offset	875,000	875,000	875,000	875,000	0.00%
TOTAL	698,125,724	698,125,724	732,354,529	699,100,724	0.14%

* House Bill 1003 is still being considered by the House Budget Committee. The figures reflect committee action as of March 26, 2004.

FY 2005 - UM Related

	FY 2004 Core Budget	FY 2005 CBHE Recommendation	FY 2005 Gov Recommendation	FY 2005 House Budget Com.**	House Budget % Change from FY 2004 Core
Ellis Fischel Cancer Center	4,223,786	0	0 *	0	-100%
Hospitals and Clinics	8,911,671	13,135,457	13,135,457	13,135,457	47%
State Historical Society	922,601	922,601	922,601	922,601	0%
Alzheimer's Program	227,375	227,375	227,375	227,375	0%
Mo Rehabilitation Center	10,116,691	10,116,691	10,116,691	10,116,691	0%
State Seminary Funds	1,750,000	1,750,000	1,750,000	1,750,000	0%
Missouri Institute of Mental Health	2,299,850	2,299,850	2,299,850	2,299,850	0%
Mo Kidney Program	4,016,774	4,016,774	4,016,774	4,016,774	0%
Spinal Cord Injury Research	375,000	375,000	375,000	375,000	0%
MOREnet	15,004,401	15,004,401	15,004,401	15,004,401	0%
MOBIUS	649,539	649,539	649,539	649,539	0%
TOTAL	48,497,688	48,497,688	48,497,688	48,497,688	0%

* Combined with Hospitals and Clinics appropriation.

** House Bill 1003 is still being considered by the House Budget Committee. The figures reflect committee action as of March 26, 2004.

AGENDA ITEM SUMMARY

AGENDA ITEM

2004 Progress Report
Coordinating Board for Higher Education
April 8, 2004

DESCRIPTION

Each year, the Department of Higher Education staff prepares a report for the April board meeting on the progress the state's system of higher education is making toward achieving strategic priorities of the board. This 2004 Progress Report continues this series.

Background

In April 2003, DHE staff suggested to the board that the annual progress report be more directly connected to agreed upon policy goals and measurements associated with the board's strategic priorities. The staff reported to the board that the April 2003 Progress Report was a transitional document, combining assessment categories used in the past with new issues and measurements identified in the department's FY 2004 Coordinated Strategic Plan which would undoubtedly help define the structure and content of future progress reports.

The 2004 Progress Report is organized around the key result areas of preparation, participation, and performance excellence identified as priorities by the Coordinating Board and Department of Higher Education. Baseline data, targets, strategies, and progress toward implementing the strategies are provided for each priority result: teacher quality, affordability, benefits, underrepresented groups, workforce development, quality and performance excellence within institutions, and employees as assets.

Conclusions

Teacher Quality

National and state reports continue to address the need to improve the quality of classroom teaching and improve the academic achievement of high school students. Data indicate that college graduates from the state's colleges and universities with degrees in various fields of education continue to be less prepared for success in college and perform at lower levels on externally validated achievement tests than non-education college graduates. The State Board of Education and the Coordinating Board continue to meet together to discuss common issues related to improving the quality of classroom teaching. In December 2003, the Department of Higher Education signed a contract to evaluate the cycle-two Teacher Quality Awards Program Projects to help identify best practices in the teaching of science that can be promoted across the state.

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Affordability

Ensuring that access to higher education is affordable continues to be a challenge. Budget reductions and double-digit tuition increases make an education at a public college or university increasingly less affordable for low-income students and working adults. In his FY 2005 budget request, Governor Holden restored some of the funding cuts of recent years and held harmless the state student financial aid programs. Continuing efforts and diligence are necessary to make higher education in Missouri financially accessible for many students.

Benefits

Missouri's participation rate in higher education remains low compared with many economically competitive states. The Commission on the Future of Higher Education and the Missouri Training and Employment Council each recommend that a statewide campaign is needed to help Missouri residents recognize the benefits of college and the completion of a degree. This is one way to help raise the level of educational attainment level among Missourians. Raising the educational attainment level of Missouri citizens will provide employers in the state access to qualified employees with the knowledge and skills necessary for Missouri companies to be competitive in the global economy. The Department of Higher Education has initiated improvement projects, e.g., financial literacy program and improving the department's early awareness and outreach program, to address some of the issues first-generation and other students face in preparing financially for college.

Underrepresented Groups

Increasing the number and proportion of enrollments represented by students of color is a continuing challenge. High school dropout rates among these students are comparatively high. Thirteen and fourteen percent of the students in the state's public two-year and independent four-year colleges and universities, respectively, are African-American compared to eight percent of the enrollment in the state's public four-year colleges and universities. Retention and graduation rates of minority students are below that for majority students. The Department of Higher Education's GEAR UP program for St. Louis, Kansas City, and the Bootheel ninth graders is working to improve these students' preparation for success in college throughout their high school careers. An emerging challenge is the increasing number of Latino residents in Missouri and the need to improve the participation rate of Hispanic students in the state's system of higher education.

Workforce Development

Demand for knowledgeable and highly skilled workers is increasing across Missouri. This is especially true in advanced manufacturing, information technology, and life sciences-related companies. Too few students are graduating from the state's colleges and universities with degrees related to the high demand occupations associated with these companies. Through participation on the Missouri Training and Employment Council, the Department of Elementary and Secondary Education, the Department of Higher Education, and the Department of Economic Development are working to promote opportunities for students pursuing studies that prepare them for employment in these well-paying, high demand occupations. In addition, the Department of Higher Education and the Missouri Higher Education Loan Authority (MOHELA) are working together to establish workforce contingent student financial aid Coordinating Board for Higher Education

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programs. More work needs to be done to better understand the kind and level of knowledge and skills students need to prepare for work in high technology, knowledge-based companies.

Quality and Performance Excellence

To recognize efforts the public colleges and universities are making to improve their performance, the Coordinating Board established and recommended funding for Performance Excellence Funding (PEF) in its FY 2005 budget request. To restore some core institutional funding, the governor did not include funding for PEF in his FY 2005 budget recommendation. As of this writing, 27 Missouri public and independent colleges and universities have agreed to participate in a department-led consortium of institutions participating in the RAND Corporation's Council for Aid to Education College Learning Assessment (CLA) pilot project. Both the Coordinating Board and the Department of Higher Education have adopted the Malcolm Baldrige quality principles. The department is encouraging the state's colleges and universities to adopt the principles through a quality improvement project.

Employees as Assets

The Department of Higher Education has initiated several projects to recognize its employees and make them feel a part of the entire department rather than being isolated in their respective work group. Monthly department-wide meetings which include recognizing staff for their years of service to the department and exchanges with the commissioner is one such initiative. The development of a departmental Intranet to keep staff informed and to improve communications among and between staff was unveiled in March 2004. Such initiatives should continue to reduce the department's staff turnover rate which fell from 17 percent in FY 2001 to 9 percent in FY 2003.

STATUTORY REFERENCE

Section 166.200 to 166.242 RSMo

Section 173.005 to 173.830 RSMo

RECOMMENDED ACTION

This is a discussion item only.

ATTACHMENT

Progress Toward Achieving the Goals of the Missouri Department of Higher Education's FY 2005
Coordinated Strategic Plan – FY 2004 Baseline Data

**PROGRESS TOWARD ACHIEVING THE GOALS OF THE
MISSOURI DEPARTMENT OF HIGHER EDUCATION'S
FY 2005 COORDINATED STRATEGIC PLAN**

FY 2004 BASELINE DATA

Background

In 1992, the Coordinating Board for Higher Education (CBHE) adopted 24 goals recommended by the Task Force on Critical Choices for Higher Education for the state's system of higher education and its public two- and four-year colleges and universities. Upon the recommendation of the board's Presidential Advisory Committee, these goals were reaffirmed by the board in 1996. Each year, the Missouri Department of Higher Education (MDHE) reported to the Presidential Advisory Committee and the CBHE on the progress being made toward meeting these goals.

Over time, the Progress Report evolved to reflect the changing conditions in higher education, and the board's goals in addressing those changes. National reports such as *Measuring Up 2000* and *Measuring Up 2002*, issued by the National Center for Public Policy and Higher Education, have provided a guide to the issues that need to be addressed and reported upon. In addition, the recommendations of the Missouri Commission on the Future of Higher Education focus attention on those issues that need to be monitored and reported upon by MDHE staff. Finally, the Department of Higher Education's FY 2005 Coordinated Strategic Plan includes a variety of goals and measures for the department and, by extension, the state's system of higher education that require regular monitoring, reports, and discussion.

In April 2003, MDHE staff suggested that the work and recommendations produced from these new initiatives would likely produce new approaches to higher education planning, delivery, and assessment and consequently define the structure and content of future Progress Reports.

Context: Strategic Planning for Quality and Performance Excellence

Since September 2002, the Coordinating Board for Higher Education and the Missouri Department of Higher Education began shifting their focus from being compliance-oriented to developing strategies and services more oriented toward performance improvement. This focus has guided the development of goals and performance measures for the Department of Higher Education and the state's system of higher education. To begin making the shift in focus and priorities, the CBHE and MDHE have:

- Adopted the Baldrige Award criteria as their management model.
- Identified a new vision and mission for the MDHE.
- Identified and prioritized desired results, and started identifying strategies to achieve these results.
- Through internal departmental planning, categorized the desired results into three key result areas: Preparation, Participation, and Performance.

- Introduced the change agent model for performance improvement at the MDHE. This model involves a team approach, and emphasizes customer input and responsiveness to customer needs.
- Identified and completed three improvement projects chartered in FY 2003 which are currently in the action planning phase. These projects are:
 - Expansion of the early awareness and outreach program;
 - The new student loan servicing (ASA) system; and
 - Redesigning the department's website.
- Restructured the MDHE to align with the desired results and to be more cost-effective. The MDHE is a much flatter organization now and includes three operational groups which are aligned with the desired results: Academic Affairs, Missouri Student Loan, and Financial Assistance and Outreach. The support groups of the organization, which offer assistance to each of the three operational groups, include: Communications and Customer Assistance; Educational Policy, Planning, and Improvement Center; Information Technology; Contracts and Compliance; and Fiscal, Legislative, and Administration.
- Identified a second round of improvement projects on which to focus during FY 2005, including:
 - Development of a financial literacy program.
 - Development of a marketing program for the student loan guarantee program.
 - Expanding outreach and early awareness.
 - Improving the state grants and scholarships award delivery process.
 - Institutional adoption of quality principles as a management tool.
 - Measuring value-added student learning.
- Provided staff support to the Commission on the Future of Higher Education.

All of these efforts have shaped the key result areas, priority results, targets, and strategies that are outlined in the department's FY 2005 Coordinated Strategic Plan and for which baseline data are reported in this 2004 Progress Report.

Vision, Mission, and Values

Further context for the result areas, priority results, targets, and strategies included in the Progress Report is provided by the department's vision, mission, and values:

VISION Missouri will be a recognized national leader in higher education quality and performance excellence.

MISSION To provide the citizens of Missouri with the highest quality postsecondary education system resulting in a thriving economy, and an outstanding quality of life.

VALUES *Customer Line: We value our customers.*

We are responsive to the needs of our diverse customer groups to ensure they receive what they want from the state's system of higher education.

Open Line: We value widespread access and successful participation.

We promote access to postsecondary education so that all Missourians and Missouri communities share in the economic and social benefits of education.

Bottom Line: We value performance and accountability.

We measure the performance of our programs and services, and communicate the results of those measurements, to ensure quality improvements and the delivery of cost-effective, high-quality programs and services.

Front Line: We value employee involvement.

We solicit employees' ideas and involvement in designing and delivering programs and services.

Organizing Framework for the Progress Report

While the 24 goals adopted by the board in 1992 and reaffirmed in 1996 provided the organizing framework for prior Progress Reports, the organizing framework of this and future Progress Reports updates the measures related to the Key Result Areas and Priority Results and reports on the progress in achieving priority results contained in the FY 2005 Coordinated Strategic Plan, which include:

KEY RESULT AREAS

Preparation

*Improved preparation
for education
after high school*

Participation

*Increased
participation and success
in postsecondary
education*

Performance

Excellence

*Enhanced
effectiveness of
college and university
education through quality
initiatives and improved
MDHE services*

PRIORITY RESULTS

- 1. Teacher Quality** – Increase the percentage of teacher education graduates meeting CBHE-recommended 16-unit high school core curriculum goals and teacher education graduates meeting CBHE test goals.
- 2. Affordability** – Increase and improve need-based financial aid (and affordable options) for low- and middle-income families.
- 3. Benefits** - Increase the percentage of the population aged 25 to 64 who successfully complete a one-year or two-year certificate or degree or a bachelor's degree.
- 4. Underrepresented Groups** - Increase completion rates among underrepresented students.
- 5. Workforce Development** - Increase the percentage of employer workforce needs that are met.
- 6. Quality and Performance Excellence within Institutions** - Increase the number of institutions undertaking and assessing improvement initiatives, with measurable goals and targets.
- 7. Employees as Assets** – Promote employee involvement in designing and delivering departmental programs, and develop employee skills to enhance employees' job satisfaction the quality and efficiency of department services.

Results, Measures, Targets and Strategies

1. Priority Result: Teacher Quality

Increase the percentage of teacher education graduates completing the CBHE-recommended 16-unit high school core curriculum and increase the percentage of prospective teachers attaining an ACT-composite score average of 22 and/or a score of 265 or above for each subject area sub-test of the College Basic Academic Subjects Examination (CBASE).

The College Basic Academic Subjects Examination (CBASE) consists of five parts, including a writing component, and assesses knowledge and skills in language arts, mathematics, science, and social studies. To qualify for admission to a professional education program, including teacher education, the Missouri Department of Elementary and Secondary Education (DESE) requires the candidate to attain a minimum score of 235 on each sub-test of the CBASE. DESE does not require individuals seeking postbaccalaureate certification to take the CBASE.

Baseline Measures

- Number of teacher education programs requiring CBHE test goals
- Number and percentage of teacher education graduates meeting CBHE test goals

1A. Public Four-year College and University Teacher Education Graduates with Recommended High School Core Curriculum Measures

Year	Number of Graduates with Recommended Core	Percentage	Number of Graduates with Less Than the Recommended Core	Percentage	Unknown	Percentage
2000 - 2001	698	24%	232	8%	1,963	68%
2001 - 2002	695	24%	171	6%	2,002	70%
2002 - 2003	749	26%	195	7%	1,934	67%
Total	2,142	25%	598	7%	5,872	68%

Note: Among those students for whom it is known whether or not they have the recommended high school core curriculum, 22 percent do not have the recommended core curriculum.

Teacher education programs are defined in this study as those with CIP codes under 13.10 (Special Education), 13.12-13.13 (Teacher Education), and 13.14 (Teaching English as a Second Language)

Source: MDHE Enhanced Missouri Student Achievement Study

1B. Public College and University Graduates, Excluding Teacher Education Graduates,
with Recommended High School Core Curriculum Measures

Year	Number of Graduates with Recommended Core	Percentage	Number of Graduates with Less Than the Recommended Core	Percentage	Unknown	Percentage
2000 - 2001	5,079	26%	1,422	7%	12,841	66%
2001 - 2002	5,969	29%	1,379	7%	12,996	64%
2002 - 2003	6,998	33%	1,366	6%	12,834	61%
Total	18,046	30%	4,167	7%	38,671	64%

Note: Among those students for whom it is known whether or not they have the recommended high school core curriculum, 19 percent do not have the recommended core curriculum.

Source: MDHE Enhanced Missouri Student Achievement Study

1C. ACT and CBASE Measures for Teacher Education Graduates
(Based on 1999-2000 Completers of Teacher Preparation Programs)

Number of <u>public institutions</u> where the applicants for teacher certification averaged an ACT composite score at or above the CBHE-recommended average ACT score of 22	10 of 13 (77%)
Number of <u>independent institutions</u> where the applicants for teacher certification averaged an ACT composite score at or above the CBHE-recommended average ACT score of 22	18 of 23 (78%)
Number of <u>public institutions</u> where median CBASE scores on one or more of the five subjects were at or above than the CBHE-recommended score of 265 (after one or more attempts through December 1998)	13 of 13 (100%)
Number of <u>independent institutions</u> where median CBASE scores on one or more of the five subjects were at or above than the CBHE-recommended score of 265 (after one or more attempts through December 1998)	22 of 23 (96%)

Source: Missouri Department of Elementary and Secondary Education Teacher Preparation Institution Profiles

1D. ACT Composite Test Scores of Teacher Education Graduates

Graduation Year	Total Graduates	ACT of 22 or Above	Percent	ACT of 21 or Below	Percent	Unknown	Percent
2001	2,820	936	33%	691	25%	1,193	42%
2002	2,785	874	31%	667	24%	1,244	45%
2003	2,754	857	31%	631	23%	1,266	46%
Total	8,359	2,667	32%	1,989	24%	3,703	44%

Source: MDHE Enhanced Missouri Student Achievement Study

1E. ACT Composite Scores of Graduates, Excluding Teacher Education Majors

Graduation Year	Total Graduates	ACT of 22 or Above	Percent	ACT of 21 or Below	Percent	Unknown	Percent
2001	18,475	7,202	39%	3,383	18%	7,890	43%
2002	19,140	7,107	37%	3,299	17%	8,734	46%
2003	19,414	6,966	36%	3,248	17%	9,200	47%
Total	57,029	21,275	37%	9,930	17%	25,824	45%

Source: MDHE Enhanced Missouri Student Achievement Study

1F. Average ACT Composite Scores of All ACT-tested Freshmen, by Institution

Institution	Fall 1994	Fall 1995	Fall 1996	Fall 1997	Fall 1998	Fall 1999	Fall 2000	Fall 2001	Fall 2002	Fall 2003
Central Missouri State University	20.5	21.0	21.7	22.1	22.0	21.7	21.9	22.0	22.3	21.8
Harris-Stowe State College	17.6	18.2	18.7	17.7	18.5	18.2	18.0	19.0	18.0	17.7
Lincoln University	18.2	18.6	18.7	18.7	18.2	17.9	17.7	17.3	17.5	17.2
Missouri Southern State University-Joplin	21.1	21.1	21.1	21.2	21.5	21.6	21.7	21.6	21.9	21.8
Missouri Western State College	19.3	19.3	19.7	19.8	19.6	19.3	19.4	19.5	19.3	19.1
Northwest Missouri State University	22.0	21.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	21.7
Southeast Missouri State University	22.4	22.5	22.7	22.8	22.6	22.4	22.5	22.2	22.3	22.3
Southwest Missouri State University	21.9	22.4	22.4	23.1	23.4	23.3	23.6	23.5	23.4	23.5
Truman State University	26.0	26.0	26.4	27.0	27.2	27.1	27.0	27.0	27.4	27.4
UM-Columbia	24.7	25.1	25.3	25.7	25.8	25.5	25.8	25.6	25.5	25.4
UM-Kansas City	24.4	24.1	24.1	24.9	24.8	24.7	24.4	23.7	23.6	23.6
UM-Rolla	27.5	27.5	27.5	28.1	28.0	27.7	27.3	26.8	27.3	27.2
UM-St. Louis	22.2	21.8	21.7	22.4	23.3	22.9	23.5	23.1	23.3	23.2

Sources: DHE06, Ability Descriptors of First-time Freshmen; MDHE Enhanced Missouri Student Achievement Study

Targets

- Increase the percentage of teacher education curricula requiring CBHE test goals to 100 percent by FY 2007.
- Increase the percentage of teacher education graduates meeting CBHE test goals to 100 percent by FY 2007.
- Increase the percentage of newly certified mathematics and science teachers by five percentage points by FY 2007. (Note: Baseline measures for this strategy are being developed.)

Strategies

- Provide funding incentives for teacher education programs to include CBHE test goals as part of their graduation requirements.
- With DESE, develop approaches to assess teacher performance based on the academic performance and achievement of the students they teach.
- Administer federally funded teacher quality grants.

Progress toward the Priority Result: Teacher Quality

Although Missouri has had several initiatives to raise admission and exit requirements for prospective teachers, not much progress has been made in recent years. The most recent data available show:

- as compared to non-education majors, lower percentages of future teachers took the Coordinating Board's 16-unit recommended high school core curriculum (26 percent compared to 33 percent for non-education majors);
- lower percentages of future teachers receive an ACT composite score of 22 or higher compared to non-education majors (31 percent compared to 36 percent);
- slight increases or no real change in the average ACT composite score for entering freshmen classes have been observed for most public colleges and universities between fall 1994 and fall 2003; however,
- most Missouri teacher preparation programs report that prospective teachers meet or exceed the State Board of Education's recommended scores on the ACT College Admissions examination and the College Basic Academic Subjects Examination (CBASE).

Selected academic achievement measures of Missouri's prospective teachers are similar to that which has been reported about prospective teachers nationally. The Teaching Commission, chaired by Louis V. Gerstner, Jr. and former chairman of IBM, released its 2004 report entitled *Teaching at Risk: A Call to Action*. In that report, the commission reports that far too many teachers do not have the skills and knowledge base for success and found that college graduates with SAT or ACT scores in the bottom quartile were more than twice as likely as those in the top quartile to have majored in education. Furthermore, students with the highest grades and test scores were the least likely to enroll in education classes or teacher training programs. The commission also noted that the minimum competency examinations most states require teachers to pass often lack rigor. Consequently, the commission called upon the nation to raise the bar for teacher licensing and certification requirements.

To promote improvement in teaching, in February 2004, the Department of Higher Education awarded over one million dollars to seven Missouri colleges and universities for eight professional development projects to improve teaching in core academic subjects with an emphasis on the teaching of science. The Department of Elementary and Secondary Education also distributed over \$48 million dollars through a formula-driven allocation to Missouri school districts to improve the teaching of mathematics. Funding for these initiatives was provided by the Title II, Part A of the federal No Child Left Behind Act.

Results, Measures, Targets and Strategies

2. Priority Result: Affordability

Increase and improve need-based financial aid and affordable options for low- and middle-income families.

Baseline Measures

- Number and percentage of students by school district, household income, and race/ethnicity who complete the FAFSA, complete the FAFSA by deadline, or do not complete the FAFSA (Note: Baseline measures by school district and race/ethnicity are being developed.)

2A. Dependent Students Completing a FAFSA by Adjusted Gross Income (AGI)

	AGI \$75,000 or Higher High	AGI Between \$35,000 and \$74,999 Medium	AGI Below \$35,000 Low
Number and percentage completing the FAFSA between January 1, 2001 and before April 1, 2001 (on time)	17,489 55%	22,416 56%	13,581 51%
Number and percentage completing the FAFSA between April 1, 2001 and June 30, 2002 (not on time)	14,532 45%	17,881 44%	12,960 49%
Number and percentage not completing the FAFSA between January 1, 2001 and June 30, 2002 (did not complete)	Being developed	Being developed	Being developed
Total (98,859)	32,021 100%	40,297 100%	26,541 100%

Note: 2000 median Missouri household income: \$37,934 (U. S. Census)

Source: Academic Year 2002-2003 Free Application for Federal Student Aid (FAFSA), January 1, 2002 to June 30, 2003

- Number and percentage of the Missouri College Guarantee, Charles Gallagher Grant and Pell Grant program recipients, by household income, race/ethnicity, and school district (Note: Baseline measures by school district are being developed.)

2B. Dependent Student Recipients of a Charles Gallagher Grant, a College Guarantee Grant, or a Pell Grant, by Adjusted Gross Income (AGI)

	AGI \$75,000 or Higher High	AGI Between \$35,000 and \$74,999 Medium	AGI Below \$35,000 Low	AGI Total
Number and percentage receiving a Charles Gallagher Grant during Academic Year 2001-2002	1,263 16%	3,872 48%	2,959 37%	8,094 100%
Number and percentage receiving a College Guarantee Scholarship during Academic Year 2001-2002	27 <1%	1,745 45%	2,129 55%	3,901 100%
Number and percentage receiving a Pell Grant during Academic Year 2001-2002	13 <1%	1,911 32%	4,121 68%	6,045 100%
Total	1,303 7%	7,528 42%	9,209 51%	18,040 100%

Note: Percentages may not add to 100 percent due to rounding. 2000 median Missouri household income: \$37,934 (U. S. Census)

Source: Academic Year 2001-2002 MDHE Grants and Scholarships; Free Application for Federal Student Aid (FAFSA),

2C. Dependent Student Recipients of a Charles Gallagher Grant, a College Guarantee Grant, or a Pell Grant, by Race/Ethnicity

	White	African American	Hispanic	Other*	Total
Number and percentage receiving a Charles Gallagher Grant during Academic Year 2001-2002	6,107 75%	621 8%	108 1%	1,258 16%	8,094 100%
Number and percentage receiving a College Guarantee Grant during Academic Year 2001-2002	3,356 86%	228 6%	58 1%	259 7%	3,901 100%
Number and percentage receiving a Pell Grant during Academic Year 2001-2002	4,619 76%	591 10%	88 2%	747 12%	6,045 100%
Total	14,082 78%	1,440 8%	254 1%	2,264 13%	18,040 100%

*Includes students of other races and those whose race/ethnicity is unknown.

Note: Percentages may not add to 100 percent due to rounding.

Source: Academic Year 2001-2002 MDHE Grants and Scholarships, Enhanced Missouri Student Achievement Study

Targets

- By FY 2005, increase the percentage of students from low- and middle-income families completing the FAFSA by deadline by five points.
- By FY 2005, increase the percentage of students from low- and middle-income families receiving financial aid through the federal Pell Grant, and from the Missouri College Guarantee and the Charles Gallagher Grant programs, by five points.

Strategies

- Sponsor *College Goal Sunday* activities in February 2004 at eight college sites throughout the state. Activities are designed to provide information about and assistance related to FAFSA completion for high school seniors and their families.
- Develop communication and assistance programs related to FAFSA completion and deadlines for high school counselors.
- Implement recommendations of the Early Awareness and Outreach improvement project team chartered in FY 2003.
- Review the feasibility of and develop proposals to consolidate existing state grant and scholarship programs.

- Develop policy and legislative proposals to produce consistent student eligibility criteria.
- Explore new funding streams for state need-based grants.

Progress toward Priority Result: Affordability

Notwithstanding the efforts by the Coordinating Board and the state to make higher education in Missouri financially accessible for all students:

- a lower proportion of low-income students, as compared to high-income students, file their Free Application for Federal Student Aid (FASFA) in time to meet the Department of Higher Education's cut off date of April 1 to be eligible for state need-based student financial aid programs (51 percent of low-income students compared to 55 percent of high income students meet the deadline);
- a larger proportion of middle income students receive a Charles Gallagher Grant than low-income students (48 percent compared to 37 percent); however, a larger proportion of low-income students receive College Guarantee Scholarship (55 percent) and Pell Grants (68 percent) than the either middle- or high-income students; and
- most state and federal need-based grants do not go to students of color (white students receive 75 percent of all Charles Gallagher Grants, 86 percent of all College Guarantee Grants, and 76 percent of all Pell Grants).

February 2004 was declared Financial Aid Awareness Month by the Missouri Department of Higher Education. In conjunction with this, *College Goal Sunday* was held on February 8, 2004, an event sponsored by the Missouri Department of Higher Education, in partnership with the Missouri Association of Student Financial Aid Personnel, and the Missouri Higher Education Loan Authority (MOHELA). The event was funded by the Lumina Foundation for Education, Inc. During this event, Missouri Department of Higher Education staff and student financial aid officers from across the state provided information about the sources of student financial aid and provided assistance in completing the Free Application for Federal Student Aid (FAFSA) to over 1,000 high school seniors and their families on eight college and university campuses.

One of the Department of Higher Education's improvement projects completed in FY 2004 was its Early Awareness and Outreach Project. The team working on this project examined ways to better assist underserved groups of students with the goal of promoting increased participation and success in postsecondary education. The team focused on ways to improve information content, dissemination, and access to financial aid. Final recommendations were made to the Commissioner of Higher Education and department staff in February 2004.

On January 29, 2004, the Department of Higher Education chartered a project to improve its State Program Award Delivery Process. The team working on this project will investigate methods for improving the current state student grant and scholarship award delivery process. The team has also been charged to examine issues related to the redistribution of state grant and scholarship funds to targeted groups of students currently underserved by Missouri higher education. This team will make recommendations about consolidating existing state programs and funding, developing consistent student eligibility criteria, and reviewing statutory language that determines maximum state aid program awards.

Notwithstanding double digit increases in tuition at some of Missouri's public colleges and universities between FY 2003 and FY 2004, Governor Holden recommended that core funding reductions for Missouri higher education be restored in FY 2005. In addition, the governor is recommending that state student financial aid programs be funded at current levels.

According to the 33rd Annual Survey Report of the National Association of State Student and Grant Programs, in FY 2002, Missouri ranked 32nd in the nation in its funding for need-based grants per resident college-age population, (\$51.95 compared to a national average of \$140.71 per resident college-age population). To meet this challenge, Governor Holden has held the state student financial aid programs harmless from reductions in state general revenue appropriations in his FY 2005 budget request. In addition, the Missouri Department of Higher Education and the Missouri Higher Education Loan Authority (MOHELA) are working together to establish new models for workforce contingent student financial aid programs and to reduce the cost of student loans.

Results, Measures, Targets and Strategies

3. Priority Result: Benefits

Increase the percentage of the population aged 25 to 64 who successfully complete a one-year or two-year certificate or degree, or a bachelor's degree.

Baseline Measures

- Number and percentage of students aged 18 to 24 and students aged 25 or older enrolling in a postsecondary program, by type of program

3A. Number and Percentage of 2002 Enrollment in Postsecondary Education, by Age and Institutional Type

	Total Enrollment	Percent Aged 18 to 24	Percent Aged 25 and Over
Undergraduate students enrolled in public and independent two-year associate degree-granting institutions	81,708 100%	49,971 61%	31,737 39%
Undergraduate students enrolled in public and independent four-year baccalaureate or higher degree-granting institutions	157,122 71%	114,586 52%	42,536 19%
Graduate and first professional students enrolled in public and independent four-year graduate or first professional degree-granting institutions (e.g., law, medicine, pharmacy, etc.)	65,236 29%	16,089 7%	49,147 22%
Total	304,066	59%	41%

*Percentages may not add to 100 percent due to rounding.

Note: Students younger than 18 or whose age is unknown have been excluded from calculations.

Source: Integrated Postsecondary Education Data System (IPEDS)

3B. Students by Age as a Percentage of Total Enrollment
Enrolled at Missouri **Public** Two- or Four-year Colleges and Universities

	1998	1999	2000	2001	2002
Number and percentage of all undergraduate students enrolled at a Missouri public two-year institution, aged 18 to 24	56%	58%	58%	60%	61%
Number and percentage of all undergraduate students enrolled at a Missouri public four-year institution, aged 18 to 24	80%	81%	81%	81%	81%
Number and percentage of all undergraduate students enrolled at a Missouri public two-year institution, aged 25 and older	43%	42%	42%	40%	39%
Number and percentage of all undergraduate students enrolled at a Missouri public four-year institution, aged 25 and older	20%	19%	19%	19%	19%

Note: Students younger than 18 or whose age is unknown have been excluded from calculations.

Source: IPEDS Fall Enrollment

3C. Postsecondary Participation

Student Age	Number of students in 2000	Projected number of students in 2015 (at current rate)	Percent change 2000-2015	Projected number of students in 2015 (at benchmark rate*)	Percent change 2000-2015 (to reach benchmark rate*)	Participation gap in 2015
18-24	175,609	182,586	+4%	265,158	+51%	82,572
25+	142,980	159,825	+12%	258,900	+81%	99,075
All (18+)	318,589	342,411	+7%	524,058	+64%	181,647

*Benchmark rates established by top performing states for Participation in "Measuring Up 2002" prepared by the National Center for Public Policy and Higher Education

Source: "Closing the College Participation Gap: State Profiles," Education Commission of the States, October 2003.

- Student retention rates by type of higher education program

3D. Freshman-to-Sophomore Retention Rates*

	1998-99	1999-00	2000-01	2001-02	2002-03
Public two-year institutions	52%	50%	52%	51%	50%
Public four-year institutions	80%	79%	78%	80%	78%

*Based on fall 2002 first-time freshmen enrolled in fall 2003

Source: MDHE Enhanced Missouri Student Achievement Study

- Completion/graduation rates, by type of higher education program

3E. Graduation Rates*

	1999	2000	2001	2002	2003
Missouri public two-year institutions , three-year graduation rate	23%	24%	25%	23%	25%
Missouri public four-year institutions , six-year graduation rate	50%	52%	56%	56%	57%
National public and independent two-year institutions , three-year graduation rate	31%	30%	30%	n/a	n/a
National public and independent four-year institutions , three-year graduation rate	52%	53%	54%	n/a	n/a

*Based on first-time full-time freshmen enrolling in public community colleges 3 years earlier and first-time full-time freshmen enrolling in public four-year colleges and universities 6 years earlier.

Sources: MDHE Enhanced Missouri Student Achievement Study; The National Information Center for Higher Education Policymaking and Analysis (www.higheredinfo.org)

3F. Educational Attainment by Age and Degree Level, 1990 and 2000

Age of Student and Level of Educational Attainment	<u>1990</u> Number	<u>1990</u> Percentage of Population	<u>2000</u> Number	<u>2000</u> Percentage of Population
Number and percentage of students aged 18 to 24 with some college but no degree	178,392	35%	188,155	35%
Number and percentage of students aged 18 to 24 with an associate degree	20,799	4%	19,734	4%
Number and percentage of students aged 18 to 24 with a bachelor's degree or higher	38,154	7%	41,638	8%
Total students aged 18 to 24 with some college or higher	237,345	47%	249,527	47%
Number and percentage of students aged 25 or older with some college but no degree	607,163	18%	796,999	22%
Number and percentage of students aged 25 or older with an associate degree	149,347	5%	184,666	5%
Number and percentage of students aged 25 or older with a bachelor's degree or higher	586,661	18%	784,476	22%
Total students aged 25 or older with some college or higher	1,343,171	41%	1,766,141	49%

Sources: U. S. Census 1990 and 2000

Targets

- By FY 2005, increase the number and proportion of students aged 18 to 24 enrolling in postsecondary programs by five percentage points.
- By FY 2005, increase the number and proportion of students aged 25 and over enrolling in postsecondary programs by five percentage points.
- Reduce the overall participation gap in Missouri (the number of additional students needing to enroll by 2015, in order to match the participation rate of the best performing states) by five percentage points by FY 2005.
- By FY 2005, increase the retention rates in certificate and two- and four-year programs by five percentage points.
- By FY 2005, increase the completion rates in certificate and two- and four-year programs by five percentage points.

Strategies

- Design and implement a statewide financial literacy program based on the recommendations of the Financial Literacy Program Improvement Project Team chartered in FY 2004.
- Implement the recommendations of the Early Awareness and Outreach improvement project team chartered in FY 2003.
- Implement the recommendations of the Website Redesign Improvement Project Team chartered in FY 2003.
- Implement the recommendations of the American Student Assistance (ASA) System improvement project team chartered in FY 2003.
- Support distance learning, including the Missouri Learners' Network (MLN), and other alternative learning opportunities.

Progress toward Priority Result: Benefits

One measure of the benefits of higher education is the extent to which Missouri residents participate in postsecondary education. In its October 2003 report, "Closing the College Participation Gap," the Education Commission of the States reports that Missouri will need to increase its participation rate by 64 percent, or 181,647, by 2015 to achieve a higher education participation rate comparable to states with the highest participation rates. Since most of this increase will need to come from Missouri residents age 25 or older, much of this enrollment increase would significantly affect the state's public two-year colleges. The most recent data show:

- 39 percent of the public two-year college enrollment is over age 25 or older compared to 19 percent of the undergraduate enrollment in public and independent baccalaureate and higher degree granting institutions;
- between 1990 and 2000, proportional increases in college participation have increased for Missouri's 25 and older age group (41 percent to 49 percent); however,
- only 50 percent of the state's public two-year college freshmen return for their second year of study, compared to 78 percent of the public four-year college and university freshmen, and
- only 25 percent of the public two-year college students complete their degrees within three years, compared to 57 percent within six years for the state's public baccalaureate and higher degree-granting institutions.

Knowing how to finance the cost of education is important for increasing participation in the state's system of higher education. Addressing a growing concern about the level of knowledge and information that students and their parents have about finances, financing a college education, and financial planning for college, a Missouri Student Loan Group improvement project was chartered to move forward with the development of a comprehensive financial literacy program. The program may include, among other things, development of a seven-step financial planning process for first year students. The project team will begin its work in May 2004.

The Website Redesign Project, another Department of Higher Education improvement project, looked at how to modify the department's website so it is more user-friendly, more attractive to diverse audiences, contains updated information, and provides links to related sites. To gain customer feedback, the project team conducted a series of focus groups that targeted specific customer groups. Final recommendations were made to the commissioner and departmental staff on September 3, 2003. The Communications and Customer Assistance group is leading the effort to develop the new website, which is tentatively scheduled to be unveiled in July 2004.

The ASA System Customer improvement project examined how to ensure that customer needs are taken into account during the implementation of the new loan guaranty servicing contract with American Student Assistance (ASA). Focus groups with various customers were held in May 2003, and the team presented its recommendations to the Commissioner of Higher Education and departmental staff in June 2003. The ASA implementation team incorporated these recommendations into an action plan to help ensure a smooth April 2004 conversion from Guarantec to ASA.

Results, Measures, Targets and Strategies

4. Priority Result: Underrepresented Groups

Increase completion rates among underrepresented students.

Baseline Measures

- High school non-completion rates, by race/ethnicity and by household income

4A. Annual Dropout Rate (Grades 9-12) as a Percentage of Total Enrollment

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
Asian	3.38 %	3%	2%	2%	1%
African American	7.18 %	7%	6%	6%	5%
Hispanic	7.37 %	9%	7%	6%	5%
Native American	6.45 %	3%	5%	5%	4%
White	4.36 %	4%	4%	3%	3%
Total	4.83 %	5%	4%	4%	3%

Source: Missouri Department of Elementary and Secondary Education

- Postsecondary enrollment rates, by race/ethnicity and by household income

4B. Proportion of 2002 Enrollment by Race/Ethnicity and Institutional Type

	White		African-American		Hispanic		Other		Total	
Institution	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
Public Two-year	68,074	84%	10,351	13%	1,312	2%	1,704	2%	81,441	100%
Public Four-year	103,482	87%	9,910	8%	1,931	2%	3,454	3%	118,777	100%
Public Total	171,556	86%	20,261	10%	3,243	2%	5,158	3%	200,218	100%
Independent Two-year	496	90%	18	3%	13	2%	27	5%	554	100%
Independent Four-year	72,795	78%	12,766	14%	4,013	4%	3,720	4%	93,294	100%
Independent Total	73,291	78%	12,784	14%	4,026	4%	3,747	4%	93,848	100%
State Total	244,847	83%	33,045	11%	7,269	2%	8,905	3%	294,066	100%

*Percentages may not add to 100% due to rounding.

Source: Integrated Postsecondary Education Data System (IPEDS)

- Postsecondary retention rates, by race/ethnicity and by household income

**4C. Freshman-to-Sophomore Retention Rates of First-time Full-time Freshmen*
by Race/Ethnicity and by Adjusted Gross Income (AGI)**

Institution	White	African American	Hispanic	Other Races or Ethnic Groups	AGI \$75,000 or Higher	AGI Between \$35,000 and \$74,999	AGI Below \$35,000
Public Two-year	53%	38%	48%	43%	Being developed	Being developed	Being developed
Public Four-year	81%	62%	81%	45%	Being developed	Being developed	Being developed

*Based on fall 2002 first-time freshmen enrolled in fall 2003

Note: 2000 median Missouri household income: \$37,934 (U. S. Census)

Source: Free Application for Federal Student Aid (FAFSA); MDHE Enhanced Missouri Student Achievement Study

**4D. Three- and Six-year Graduation Rates of First-time Full-time Freshmen*
by Race/Ethnicity and by Adjusted Gross Income (AGI)**

	White	African American	Hispanic	Other Races or Ethnic Groups	AGI \$75,000 or Higher	AGI Between \$35,000 and \$74,999	AGI Below \$35,000
Public Two-year	27%	5%	21%	20%	Being developed	Being developed	Being developed
Public Four-year	60%	42%	45%	51%	Being developed	Being developed	Being developed

*Based on fall 2000 first-time full-time freshmen enrolling in public community colleges and graduating by 2002-2003 and fall 1997 first-time full-time freshmen enrolling in public four-year colleges and university and graduating by 2002-2003

Note: 2000 median Missouri household income: \$37,934 (U. S. Census)

Source: Free Application for Federal Student Aid (FAFSA); MDHE Enhanced Missouri Student Achievement Study

Targets

- By FY 2005, decrease the high school non-completion rate among students from low-income households and from racial/ethnic minority groups by five percentage points.
- By FY 2005, increase postsecondary program enrollment rates among students from low-income households and racial/ethnic minority groups by five percentage points.
- Increase retention rates among students from low-income households and from racial/ethnic minority groups by five percentage points by FY 2005.
- Increase completion/graduation rates among students from low-income households and from racial/ethnic minority groups by five percentage points by FY 2005.

Strategies

- Implement the recommendations of the Early Awareness and Outreach improvement project team chartered in FY 2003.
- Implement the recommendations of the State Grants and Scholarships Award Delivery Process Improvement Project Team chartered in FY 2004.

Progress toward Priority Result: Underrepresented Groups

Some progress has occurred in minority student participation and success in the state's system of K-16 education delivery system, primarily for Hispanic students. More progress is necessary if minority students are to enjoy the benefits of higher education at the same level as majority students. Recent data show that:

- annual drop out rates for Missouri's minority high school students have declined between 1998-1999 and 2002-2004;
- the proportion of African-Americans enrolled in the state's public two-year colleges and independent four-year colleges and universities approximates the proportion of African-Americans living in Missouri (13 percent and 14 percent, respectively). Only 8 percent of the enrollment in the state's public four-year colleges and universities is African-American;
- freshman to sophomore year retention for Hispanic students is higher than for African-American students in the state's public two year institutions, 49 percent to 38 percent respectively, as well as in the state's public four-year colleges and universities, 81 percent to 62 percent, respectively. Both groups, however, lag behind the retention rate among white students; and
- graduation rates for Hispanic students from public two-year colleges are significantly higher than that for African-American students (21 percent compared to 5 percent, respectively). Graduation rates from public four-year colleges and universities for Hispanic students are also higher than that found among African-American students, but only slightly so (45 percent compared to 42 percent, respectively).

Through the GEAR UP State Grant, the Department of Higher Education is working with over 3,000 ninth graders in inner city St. Louis and Kansas City, as well as the Bootheel region to help low-income and minority students beginning their high school career prepare academically and financially for success in college. After completing the program and upon high school graduation, participating students have available to them a scholarship funded in part by the federal grant. The Missouri Higher Education Loan Authority (MOHELA), Missouri's secondary market for the department's Federal Family Education Loan Program, has agreed to match the federal scholarship funds.

The department's Education Policy, Planning, and Improvement Center (EPPIC) has focused much of its student financial aid research on low-income, minority, and working adult student populations. Data are being geo-coded to identify pockets of the state where fewer than expected students complete the Free Application for Federal Student Aid (FASFA). Many of the areas of the state identified through this research are populated by high proportions of low-income and minority residents.

For the last two years the Department of Higher Education has been represented and participated in the statewide Cambio de Colores (Change of Colors) Conference dedicated to exploring issues related to the state's increasing Latino population. During its March 10 to 12, 2004 conference, the department's Communications and Customer Assistance group staffed an exhibition booth and provided information about Missouri's system of higher education, availability of student financial aid, and distributed statistical information about the extent Latino's participate and succeed in the state's system of higher education.

Results, Measures, Targets and Strategies

5. Priority Result: Workforce Development

Increase the percentage of employer workforce needs that are met.

Baseline Measures

- Level of demand for labor, by occupation

5A. Projected Growth in Missouri's Top 30 High Demand Occupations

	Employment 2000 Estimated*	Employment 2010 Projected	Numerical Change 2000-2010	Percent Change 2000- 2010	Average Annual Openings
Computer Support Specialists	11,020	19,280	8,260	75%	873
Network/Computer Systems Administrators	4,050	6,420	2,370	59%	254
Computer Software Engineers, Applications	6,160	9,570	3,410	55%	381
Social and Human Service Assistant	4,150	6,440	2,290	55%	290
Personal and Home Care Aides	9,620	13,800	4,180	43%	565
Medical Assistants	7,080	9,930	2,850	40%	473
Special Education Teachers, Preschool, Kindergarten, Elementary	4,970	6,820	1,850	37%	248
Pharmacy Technicians	5,000	6,720	1,720	34%	302
Computer and Information Systems Managers	6,470	8,690	2,220	34%	331
Medical Records and Health Information Technicians	4,380	5,750	1,370	31%	235
Computer Systems Analysts	10,930	14,200	3,270	30%	423
Sheet Metal Workers	4,940	6,390	1,450	29%	246
EMTs and Paramedics	5,730	7,410	1,680	29%	314
Home Health Aides	9,200	11,730	2,530	27%	371
Child, Family, and School Social Workers	6,330	8,020	1,690	27%	240

Projected Growth in Missouri's Top 30 High Demand Occupations (continued)

	Employment 2000 Estimated*	Employment 2010 Projected	Numerical Change 2000-2010	Percent Change 2000- 2010	Average Annual Openings
Combined Food Preparation and Serving Workers, inc. Fast Food	50,290	63,290	13,000	26%	4379
Electricians	13,270	16,650	3,380	25%	585
Dental Assistants	4,720	5,920	1,200	25%	205
Sales Managers	7,290	9,110	1,820	25%	287
Teacher Assistants	13,890	17,190	3,300	24%	620
Heating, Air Conditioning, and Refrigeration Mechanics and Installers	3,880	4,800	920	24%	133
Customer Service Representatives	41,720	51,570	9,850	24%	1339
Educational, Vocational, and School Counselors	4,400	5,420	1,020	23%	191
Bill and Account Collectors	8,950	11,020	2,070	23%	430
Lawyers	11,140	13,680	2,540	23%	328
Pharmacists	4,790	5,880	1,090	23%	252
Construction Laborers	14,480	17,750	3,270	23%	460
Hotel, Motel, and Resort Desk Clerks	4,030	4,930	900	22%	266
Marketing Managers	4,370	5,280	910	21%	155
Medical and Health Services Managers	5,120	6,180	1,060	21%	194

*Based on survey sample data by the Missouri Economic Research and Information Center (MERIC)

Source: Missouri Department of Economic Development, Missouri Economic Research and Information Center, 2003

- Number and type of postsecondary programs awarding certificates and/or degrees in life sciences, advanced manufacturing, and information technology

5B. Certificates and Degrees Conferred in Life Sciences*, Advanced Manufacturing, and Information Technology as a Percentage of Total Degrees Conferred

Year	Life Sciences*	Advanced Manufacturing	Information Technology
FY 2000	5.0%	5.4%	6.3%
FY 2001	4.7%	5.2%	7.0%
FY 2002	4.7%	5.2%	7.4%
FY 2003	4.3%	5.0%	7.6%

*Biomedical/biotechnology degrees

Source: IPEDS Completions

Targets

- By FY 2007, increase the percentage of graduates from postsecondary programs related to life sciences, advanced manufacturing, and information technology by five points.

Strategies

- Implement the recommendations of the 2003 Business and Education Roundtable report.
- Develop proposals for identifying postsecondary technical education and training programs that provided education and training opportunities for those occupations associated with the state's targeted industries.
- Collaborate with the Research Alliance of Missouri (RAM) to promote educational and employment opportunities in the life sciences sector.
- Collaborate with the Missouri Higher Education Loan Authority (MOHELA) to provide scholarship funding for students pursuing math and science degrees.

Progress toward Priority Result: Workforce Development

Much of Missouri's projected employment growth between 2000 and 2010 is expected in occupational areas related to advanced manufacturing, life and health sciences, and information technology. Notwithstanding this projected growth, the proportion of all certificates and degrees conferred in fields of study related to advanced manufacturing are down 0.4 percent, from 5.4 percent in FY 2000 to 5.0 percent in FY 2003. Certificates and degrees conferred in fields of study related to the life and health sciences over the same period are down 0.7 percent, from 5.0 percent in FY 2000 to 4.3 percent in FY 2003. The proportion of information technology certificates and degrees, however, increased 1.3 percent between FY 2000 and FY 2003, from 6.3 percent to 7.6 percent.

Information and recommendations contained in reports to Governor Holden by the 2003 Business and Education Roundtable, Commission on the Future of Higher Education, and Missouri Training and Employment Council all address issues related to strengthening the knowledge and skills of Missouri prospective and incumbent workers. The Department of Higher Education was a partner in the development of each of these reports and will be working with the Department of Elementary and Secondary Education, the Department of Economic Development, and other agencies of state government in implementing the recommendations over the course of the next year. Several strategies to implement many of the recommendations contained in these reports are included in Governor Holden's Missouri@Work report and JOBS NOW program.

With help from the Department of Higher Education, the Missouri Training and Employment Council (MTEC) and the Department of Economic Development's Missouri Economic Research and Information Center (MERIC) is working to identify postsecondary education learning and skill-development opportunities offered by the state's public and independent, two- and four-year colleges and universities. Degree and non-degree programs being identified support the employee learning and skill development needs of employers identified with the industrial and occupational clusters associated with the state's targeted industries i.e., clusters of companies that produce related products and services; especially in area of

high demand such as advanced manufacturing, life and health sciences, and information technology.

Department of Higher Education staff participates in the Research Alliance of Missouri (RAM) established by the Missouri Department of Economic Development and funded in part by a FY 2004 state appropriation. Composed of representatives of Missouri's research and graduate colleges and universities, RAM is working to strengthen and improve the state's competitiveness in basic and applied research, and technology transfer.

Results, Measures, Targets and Strategies

6. Priority Result: Quality and Performance Excellence

Increase the number of institutions undertaking and assessing improvement initiatives, with measurable goals and targets.

To begin working toward improving the quality of higher education and performance of the state's public and independent colleges and universities, the MDHE co-sponsored the Enhancing the Performance of Missouri Higher Education: Paths to Performance Excellence Conference in Kansas City and St. Louis on September 10 and 12, 2003, respectively. Other sponsors of the conference included the Excellence in Missouri Foundation, Missouri Quality Award; Higher Learning Commission, Academic Quality Improvement Program; Independent Colleges and Universities of Missouri; Missouri Community College Association; and the Missouri Council on Public Higher Education.

These conferences began the department's discussions with the leadership of Missouri's colleges and universities about the opportunities for improving the quality and performance of the state's system of higher education.

In December 2003, the Coordinating Board for Higher Education challenged the state's public colleges and universities to come forward with implementation plans for projects related to Campus Quality Improvement, Value-added Student Learning, and/or K-12 Teacher Quality. Based on a review by MDHE staff, funding for the respective implementation plans will be recommended in the Coordinating Board for Higher Education's FY 2005 appropriation request for Performance Excellence Funding.

Baseline Measures (In development)

- Number of institutions with improvement initiatives by type of initiative
- Number of improvement initiatives by public institution
- Number of institutions assessing overall institutional performance
- Number of institutions reporting measures/assessment of improvement initiatives to the MDHE

Targets

- Increase by 25 percent the number of public institutions undertaking improvement initiatives during FY 2005
- Increase the number of public institutions implementing and reporting to the MDHE assessments of their improvement initiatives so that 100 percent of public institutions with improvement initiatives are reporting these assessments by FY 2006

Strategies

- Implement Performance Excellence Funding in FY 2005
- Implement the recommendations of the Promoting Institutional Adoption of Quality Principles as a Management Tool Improvement Project Team chartered in FY 2004

- Implement the recommendations of the Measuring Value-Added Student Learning Improvement Project Team chartered in FY 2004
- Administer and evaluate Cycle 2 Teacher Quality Grants program

Progress toward Priority Result: Quality and Performance Excellence

Included in its FY 2005 consolidated budget request for higher education, the Coordinating Board for Higher Education established Performance Excellence Funding (PEF) as way to recognize the efforts the state's public colleges and universities were making to improve their performance related to the institution's academic and non-academic areas of operation. The Coordinating Board's FY 2005 PEF funding request was not included in the Governor's FY 2005 budget recommendations.

A team of Department of Higher Education staff and representatives from the state's colleges and universities is working on Promoting Institutional Adoption of Quality Principles as a Management Tool, one of the department's Performance Improvement Projects. The 2004 Charter for the project team focuses on encouraging a commitment from colleges and universities across the state to incorporate into their daily operations the quality management techniques, based on the Malcolm Baldrige quality principles. A day long meeting to discuss the need for quality enhancement and implementation of the Baldrige quality principles is planned for April 2004.

The Department of Higher Education is also working to establish a consortium of institutions that have agreed to participate in a value-added learning project sponsored by the RAND Corporation's Council for Aid to Education (CAE). The Rand Corporation developed the College Learning Assessment (CLA) instrument institutions can use to measure the value-added learning that is provided by their respective institution. As of mid-March 2004, 24 Missouri public and independent two- and four-year colleges and universities have agreed to join this department and the CAE effort to assess the learning value that is from the higher education experience. Eleven other institutions are still considering participation in this value-added learning pilot project.

To assess the results of the department's Quality Teaching Grants funded by the federal Leave No Child Behind Act, a contract to assess the overall results of the funded projects was signed by the Department of Higher Education in December 2003. The purpose of the contract is to determine if the teacher quality improvement grants make an overall difference in student achievement in science. Projects that demonstrate a difference in student achievement in science will be promoted across the state.

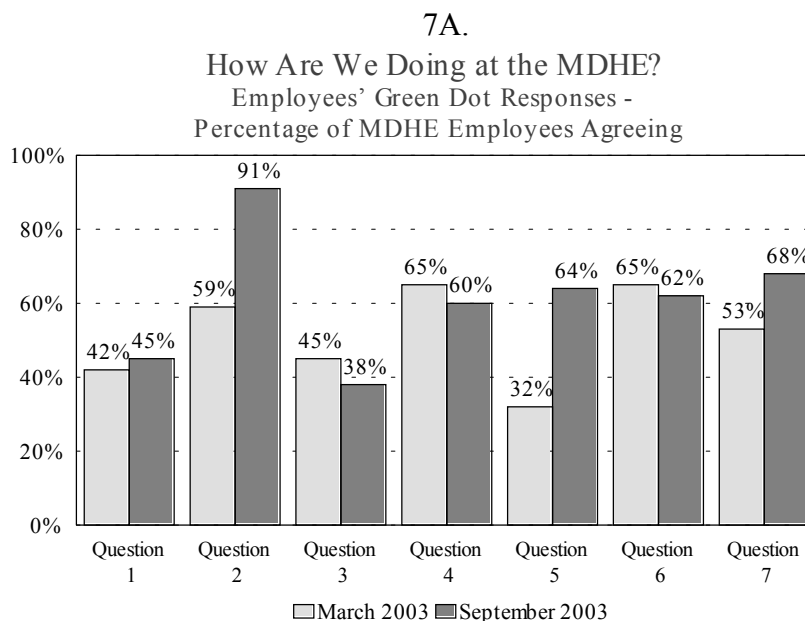
Results, Measures, Targets and Strategies

7. Priority Result: Employees as Assets

Promote employee involvement in designing and delivering department programs, and develop employee skills to enhance employees' job satisfaction and the quality and efficiency of department services.

Baseline Measures

- Results of "Red Dot/Green Dot" employee satisfaction assessment



Question 1: I know where the department is heading and how I fit in.

Question 2: The department places customer satisfaction as its top priority and continually makes improvements to satisfy customers.

Question 3: The department invests in improving my skills and helping me achieve my personal and professional goals.

Question 4: I am encouraged to contribute ideas to improve the department.

Question 5: Internal communication is improving and I know what is going on in the department.

Question 6: I am valued as an employee at the department.

Question 7: The department is a fun place to work.

- Results of MQA self-assessment (being developed)
- Staff turnover rates

Turnover rates are calculated by counting the number of new hires for existing positions and dividing it by the average number of FTE employed at the department for the full fiscal year. The average total FTE employed does not include new positions filled.

7B. Department of Higher Education Turnover Rates

FY	Rate
2001	17%
2002	16%
2003	9%

Targets

- Increase by five percentage points in FY 2005 the proportion of employees who report they know where the department is headed and how they fit in with the department's mission.
- Increase by five percentage points in FY 2005 the number of employees involved for the first time in departmental improvement projects.
- By FY 2005, double the number of employees who have received training in the change agent/quality improvement process.

Strategies

- Schedule change agent/quality improvement training for up to 10 employees.
- Fill at least one-half of the team "slots" with employees who were not involved in one of the first-round (FY 2003) improvement projects.
- Conduct a staff-wide assessment on training and professional development needs.
- Schedule quarterly all-staff meetings organized around communicating the department's Coordinated Strategic Plan.

Progress toward Priority Result: Employee Satisfaction

In 2003, the Department of Higher Education adopted the Malcolm Baldrige quality principles to guide the implementation of its various improvement projects. The results of this initiative will be measured by the success of the projects in improving the efficiency, effectiveness, and increased customer satisfaction with the department's operational processes.

The department uses an employee satisfaction assessment to monitor the progress being made in employee satisfaction and to identify areas where improvement is necessary. Areas being measured include employees' engagement in departmental functions and their understanding of the important role each has in making the Department of Higher Education one of the best agency's of state government.

Although staff turnover rates are only one measure of employee satisfaction with the Department of Higher Education, this rate has been reduced significantly over the last two years, from 17 percent to 9 percent. Efforts are being made to keep this rate as low as possible through a variety of activities to improve staff satisfaction and participation in events sponsored by the department's Activities Committee.

A staff-wide assessment of information technology training needs has been completed and reported to the commissioner and departmental staff on March 16, 2004. Each department group

leader prepares a list of and budget for the professional development needs of his or her respective staff as the department establishes its expenditure plan for the upcoming fiscal year. In March 2004, the department's Intranet was unveiled and made available to staff as a new means for keeping the staff better informed on a variety of topics of interest to the department's employees. It will not replace, but will supplement, quarterly staff meetings on a variety of topics, including the department's FY 2005 Coordinated Strategic Plan.

AGENDA ITEM SUMMARY

AGENDA ITEM

Update on Department of Higher Education Improvement Projects
Coordinating Board for Higher Education
April 8, 2004

DESCRIPTION

This agenda item presents information on the improvement projects the Department of Higher Education has undertaken in 2003 and 2004. An update on the status of the three first-round projects and the four second-round projects is provided.

Background

Based on discussions with the Coordinating Board for Higher Education and following the board's adoption of the Baldrige Award criteria in April 2003, the department began identifying areas on which to focus improvement efforts. This process has followed the principles of the change agent model for performance improvement, a process built on a team approach which emphasizes the views and needs of customers. Through a series of facilitated discussions in 2003, department staff identified three strategic areas for which the following first-round improvement projects were developed: Early Awareness and Outreach; American Student Assistance (ASA) System; and Website Redesign. Also in 2003, a senior staff retreat resulted in the identification of six second-round projects, of which the following four were outlined as priority areas for performance improvement: Financial Literacy; State Program Award Delivery Process; Measuring Value-added Student Learning; and Promoting Institutional Adoption of Quality Principles as a Management Tool. The remaining two second-round projects, Expansion of Early Awareness and Outreach, and Development of a Marketing Plan for the Student Loan Guarantee Program, will be developed in late 2004.

First-Round Projects

Early Awareness and Outreach

A key priority of the board and for the department is improving access to and participation in postsecondary education by underserved groups. The department's early awareness and outreach efforts focus on the federally funded GEAR UP program, which provides college preparedness services and information to low-income students in Kansas City, St. Louis and the Bootheel region.

In February 2003, a chartering group identified increased participation of first-generation students in higher education; increased awareness about higher education and

Coordinating Board for Higher Education
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the financial aid process; and increased early awareness and outreach collaboration with other state agencies as the desired outcomes of this project. Through a series of team meetings and focus groups throughout 2003, the project team developed recommendations for attaining these outcomes, recommendations which emphasize the key role the GEAR UP program has in the department's overall early awareness and outreach efforts. The following final recommendations were presented to senior department staff in February 2004:

1. Invite higher education professionals to train GEAR UP educators on topics such as college preparedness, the admissions process, and financial aid.
2. Develop a survey to obtain feedback from the GEAR UP cohort regarding their participation in student extracurricular activities, and whether these activities are beneficial and delivered in a timely manner.
3. Develop an annual survey for administrators, teachers, parents, and students from GEAR UP high schools to obtain ideas or suggestions for future early awareness and outreach programs.
4. Compare and track the enrollment and performance in core courses of GEAR UP students to that of students enrolled in non-GEAR UP schools, to assess the effectiveness of the GEAR UP program.
5. Periodically survey parents of GEAR UP students for their knowledge of and expectations regarding college preparation and financial aid, to assess if the GEAR UP program materials and information are effective and useful.

The Financial Assistance and Outreach Group is in the process of developing an action plan to implement the project team's recommendations during the remaining months of 2004.

American Student Assistance (ASA) System

The change in vendors for contracted servicing of the student loan guarantee program from Guarantec to American Student Assistance involves significant technical and operational changes for lenders, the institutions, and the department. A first-round improvement project was formed to help ensure a smooth conversion to the new servicer.

In December 2002, a chartering group outlined one key desired outcome from this project: identifying and addressing the concerns and expectations of the ASA system customers. Through a series of facilitated project team meetings and focus groups, the project team identified the various customer groups and, in June 2003, presented the following final recommendations to senior staff:

1. Provide accurate, up-to-date information about conversion to customers.
2. Ensure that the new system is easy to use.
3. Provide on-time, real-time information.

4. Offer training on how to use the new system and ongoing training as updates are made.
5. Ensure technology support is available to help with problems.
6. Explore ways to inform students about using the system.
7. Consider changing the conversion date from April to November 2004.
8. Convert historical data to the new system, and communicate that these data will be continuously converted.
9. Inform customers when the conversion is scheduled.

An implementation team has developed strategies and related measures, targets and outcomes for implementing each of these recommendations. For example, focus group discussions indicated the appropriateness of an April 2004 conversion date; in addition, on-site demonstrations of the ASA system have been provided at a number of institutions and six training sessions on how to use the new system were held throughout the state for a number of financial aid staff during the first three months of 2004. An evaluation of the conversion process will be made following the April 2004 change-over to ASA.

Website Redesign

The Department has not significantly modified or redesigned its website in over three years. A redesigned website with improved aesthetics, content and functionality can greatly enhance overall customer satisfaction and customer use.

In April 2003, a chartering group identified satisfied customers; ease of maintenance, use and access; the provision of accurate and current information; and increased usage by customers as the desired outcomes of the website redesign project. Senior staff was provided with the following recommendations in September 2003, based on facilitated project team discussions and focus groups:

1. Redefine the structure of the website so that content is largely organized by customer group (e.g., students, parents, borrowers, etc.), thereby allowing customers to easily find the information of most interest to them.
2. Design the content of each customer section so that the needs and interests expressed by customers through the focus group discussions are reflected.
3. Build in the features that focus group participants indicated were important to them, including a search engine, help screens and online interactive help, print-friendly versions of documents, easy navigation, and form/application processing.

The Communications and Customer Assistance Group has developed an action plan for implementing these recommendations, and the redesigned website is targeted for roll-out in July 2004.

Second-Round Projects

Financial Literacy

Outlining ways to improve financial literacy among high school students, college students, their parents and those involved with imparting postsecondary education information has become increasingly important to the department, as both the costs of college and the related debt burden (including credit card debt) of students and their families have increased.

In November 2003, a chartering group identified increased financial knowledge among students and their families, especially those at the lower income levels; lower student loan default and delinquency rates; and fewer students experiencing financial distress as the desired outcomes of the project. Team members will include high school administrators, staff from the Department of Elementary and Secondary Education and those with a college or university affiliation involved in some aspect of financial planning, information or aid, DHE staff, and parents with children who have filled out college application forms. Due to staff commitments with several of the first-round improvement projects, this team will not begin its work until May 2004.

State Program Award Delivery Process

The important role financial aid has in promoting access to and successful completion of postsecondary education has long been recognized by the board and the department. However, the limited amount of financial aid and the process of applying for and receiving that aid can represent obstacles to attending an educational program after high school. The complexity of state financial aid programs, scattered across a number of state departments and with varying eligibility requirements, applications and application deadlines, may be especially significant in preventing some students from attaining a postsecondary certificate or degree.

In January 2004, a chartering group identified increased access to, attendance at and completion of postsecondary programs; reduced complexity of state financial aid programs; increased flexibility of state aid to meet the changing needs of students; reduced financial burden on middle- and low-income students resulting from postsecondary participation; and the availability of financial aid for all eligible students as the priority outcomes for this project. The composition of the project team is nearly finalized and this project is expected to begin in April 2004.

Measuring Value-added Student Learning

Assessment of student learning is one strategy colleges and universities can use to improve performance and demonstrate accountability. This project is being designed so institutions are better able to demonstrate the amount of educational capital they produce, i.e., the learning that results for students and that is added by the institution during the time the student spends on a particular campus.

Coordinating Board for Higher Education
April 8, 2004

RAND's Council for Aid to Education (CAE) is leading a national value-added assessment initiative utilizing computerized assessments of student learning. The CAE project is promoting the use of the Collegiate Learning Assessment (CLA) instrument by which to measure three key general education skills common to all undergraduate education (writing, critical thinking, analytical reasoning) as well as the impact colleges and universities have on student learning. In September 2003 and again in February 2004, interested institutions participated in informational sessions about the CLA, sponsored by the department and featuring Dr. Roger Benjamin, president of CAE, and Dr. Stephen Klein, senior research associate at RAND. As a result of these sessions, over 25 public and independent institutions have agreed to form a consortium to implement the CLA instrument as a pilot project on measuring value-added student learning in Missouri. An organizational meeting for this new consortium is scheduled at the department's office for April 2, 2004. This meeting will explore implementation issues in moving forward with the pilot project in fall 2004 and spring 2005.

Promoting Institutional Adoption of Quality Principles

Following the board's adoption of the Malcolm Baldrige quality principles in April 2003, the department has been encouraging higher education institutions to integrate the principles and practices associated with quality initiatives into their daily operations. To further information about and interest in this initiative among the institutions, the department sponsored two one-day workshops, entitled "Enhancing the Performance of Missouri Higher Education: Paths to Performance Excellence," in Kansas City and St. Louis in September 2003. Information about the value of quality management techniques and processes, including the Academic Quality Improvement Program (AQIP) of the Higher Learning Commission, and the Missouri Quality Award (MQA) of the Excellence in Missouri Foundation, featured prominently in these workshops. Also in September 2003, department senior staff and University of Missouri staff met with Dr. William F. Massey, President of the Jackson Hole Higher Education Group, Inc., and author of *Honoring the Trust: Quality and Cost Containment in Higher Education* to discuss his ideas about promoting higher education quality. The department is planning a day-long facilitated discussion with representatives from interested public and independent colleges and universities during late April 2004. This discussion will focus on developing strategies for implementing quality principles into the institutions' daily operations. An additional effort associated with quality principles involves a one-day workshop co-hosted by the department and the University of Missouri, scheduled for May 18, 2004. This workshop will be facilitated by Dr. Massey and will focus on redesigning the department's requirements for review of existing programs at public four-year institutions.

STATUTORY REFERENCE

Section 173.005 to 173.830, RSMo.

RECOMMENDED ACTION

This is a discussion item only.

Coordinating Board for Higher Education
April 8, 2004

AGENDA ITEM SUMMARY

AGENDA ITEM

Department of Higher Education FY 2003 Annual Report
Coordination Board for Higher Education
April 8, 2004

DESCRIPTION

In an effort to combine and streamline the reports that it is required to produce, the Missouri Department of Higher Education revised the format of the annual report. The FY 2003 Annual Report contains numerous charts and graphs and little narrative, unlike previous annual reports.

Information contained in the FY 2003 Annual Report includes the department's mission, vision, values, and desired results; an overview of the fiscal environment and state appropriations; Missouri Student Loan Program revenues and expenditures; participation and graduation rates; and proprietary school certification program statistics.

STATUTORY REFERENCE

Section 173.040, RSMo, Reports to Governor and General Assembly, contents

RECOMMENDED ACTION

It is recommended that the Coordinating Board for Higher Education accept the FY 2003 annual report.

ATTACHMENT

FY 2003 Annual Report of the Missouri Department of Higher Education



DRAFT

Annual Report



Missouri Department of Higher Education
F i s c a l Y e a r 2 0 0 3

Annual Report

Missouri Department of Higher Education
F i s c a l Y e a r 2 0 0 3

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Proprietary School Certification Program



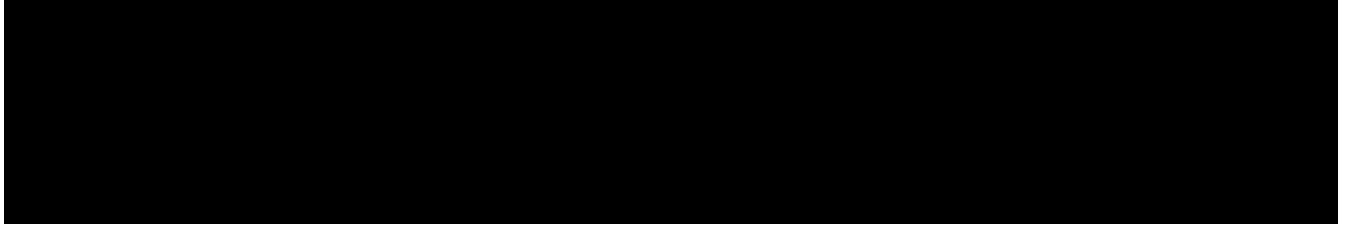
Letter from the **Commissioner**

During the last year, members of the Coordinating Board for Higher Education, Missouri Department of Higher Education staff, and I have done a lot of listening—listening to students, faculty, and staff at our institutions; our employees, our education partners; business and community leaders; the General Assembly; and Governor—to find out what the people of Missouri expect of higher education and how we can deliver these results, especially during tight budget times.

As a result of these conversations, we identified our vision, mission and values, (see page 3) and prioritized our desired results. Achieving these desired outcomes is key to both higher education success and gaining and maintaining the support of the people we serve. For that reason, the higher education community must all work together to meet these challenges in the coming years.

Three of the most important challenges facing higher education include:

- **Improving preparation** - Improved preparation and readiness to succeed in education after high school;
- **Performance excellence** - Enhanced effectiveness of college and university education through quality management, including expanded performance measurement and assessment of learning; and
- **Increasing participation** - Increased participation in and completion of postsecondary education.



The key to overcoming these challenges lies in the pursuit of quality management. What exactly do I mean by quality management? Quality management is identifying what is important to customers, identifying how to improve, based on customer input, and being held accountable for results.

In today's competitive and fiscally strapped environment, institutions have to focus on what is important to their customers—parents and students—and work to meet their expectations. Institutions cannot afford to focus on efforts if they do not meet customers' needs.

Will quality management work in higher education? I believe it will. We owe it to the taxpayers of this state, the current and future students seeking post-secondary education, and the faculty and staff because they deserve to work for a high-quality organization.

I want you to know that I am not an advocate of change for change's sake. I am an advocate of change because it can and must result in improved preparation, performance excellence, and increased participation. I hope that you will join me in proving that quality management will work in higher education and helping make Missouri's system of higher education a model for others.

Quentin C. Wilson
Commissioner

Vision, Mission and Values

Vision

Missouri will be a recognized national leader in higher education quality and performance excellence.

Mission

To provide the citizens of Missouri with the highest quality postsecondary education system resulting in a thriving economy, and an outstanding quality of life.

Values

Customer Line: We value our customers.

We are responsive to the needs of our diverse customer groups to ensure they receive what they want from the state's system of higher education.

Open Line: We value widespread access and successful participation.

We promote access to postsecondary education so that all Missourians and Missouri communities share in the economic and social benefits of education.

Bottom Line: We value performance and accountability.

We measure the performance of our programs and services, and communicate the results of those measurements, to ensure quality improvements and the delivery of cost-effective, high-quality programs and services.

Front Line: We value employee involvement.

We solicit employees' ideas and involvement in designing and delivering programs and services.

Key Result Areas and Priority Results

Key Result Area

Preparation

*Improved preparation for
education after high school*

Performance Excellence

*Enhanced effectiveness of college
university education through
education through quality initiatives
and improved MDHE services*

Participation

*Increased participation and
success in postsecondary
education*

Priority Results

1. Increase the percentage of teacher education graduates meeting CBHE-recommended 16-unit high school core curriculum goals and teacher education graduates meeting CBHE test goals.
2. Increase the number of institutions undertaking and assessing improvement initiatives, and with measurable goals and targets.
3. Promote employee involvement in designing and delivering departmental programs, and develop employee skills to enhance employees' job satisfaction and the quality and efficiency of department services.
4. Increase and improve need-based financial aid (and affordable options) for low- and middle-income families.
5. Increase the percentage of the population aged 25 to 64 who successfully complete a one-year or two-year certificate or degree or a bachelor's degree.
6. Increase completion rates among underrepresented students.
7. Increase the percentage of employer workforce needs that are met.

Fiscal Environment

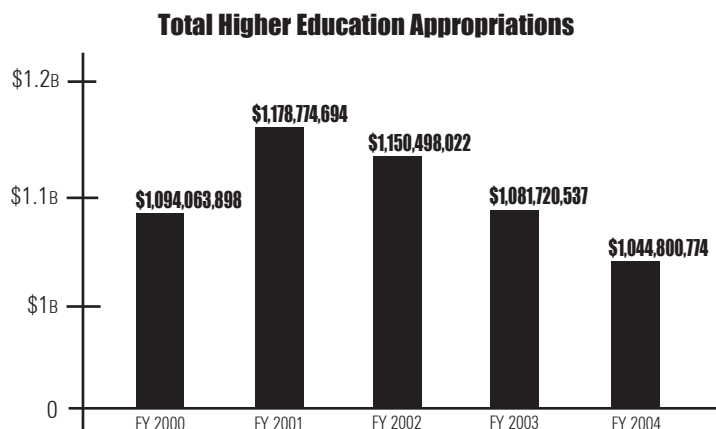
In the midst of dwindling funds and an ongoing budget shortfall, the Missouri Department of Higher Education (MDHE) has adjusted the focus from what cannot be accomplished due to the financial strain, to what is being done with the means available, ensuring that the focus remains on quality.

In FY 2003, higher education received \$1,081,720,537 in state appropriations.

For FY 2004, the Missouri system of higher education budget is \$1,044,800,774, but this amount may be subject to withholdings.

Withholdings over recent years have increased 52.6% since FY 2001 and, as shown by the chart, since FY 2001 state appropriations for higher education have shown a steady decrease, an overall total decline of 11.4%.

Although some areas of higher education have withstood losses, the MDHE and institutions continue to regroup and reevaluate student and customer needs. By addressing those needs, the higher education system is taking action to push forward with growth and change, and do more with less.



“In today’s competitive and fiscally strapped environment, institutions have to focus on what is important, based on their customers—parents and students—and work to meet their expectations. Institutions cannot afford to focus on efforts if they do not meet customers’ needs.”

—**Quentin Wilson,**
Commissioner

Funding

In consultation with the heads of the institutions of higher education affected and against a background of carefully collected data on enrollment, physical facilities, manpower needs, [and] institutional missions, the Coordinating Board for Higher Education shall establish guidelines for appropriation requests by those institutions of higher education.

Section 173.005.2(2), RSMo

Each fiscal year, the Coordinating Board submits funding requests to the Governor and the Missouri General Assembly for the Department of Higher Education, the public two-year and four-year colleges and universities, student financial assistance, and other programs administered by the Coordinating Board.

Higher Education Operating Budget

	FY 2003 Appropriation	FY 2003 Expenditures	FY 2004 Appropriation
Coordination			
Coordination Administration	\$990,891	\$744,822	\$789,095
Proprietary School Regulation	196,942	165,460	155,622
Proprietary School Bond	100,000	0	100,000
Midwestern Higher Education Commission	82,500	82,500	82,500
Missouri Learners' Network	410,800	0	410,800
State Anatomical Board	3,069	2,543	3,069
Eisenhower Professional Development Program	1,775,225	1,132,843	1,775,225
Federal Grants and Donations	2,000,000	115,883	2,000,000
MOSTARS*			
Grant and Scholarship Programs			
Grant and Scholarship Administration	348,198	253,192	275,951
Missouri Higher Education Academic Scholarship Program	15,787,000 E	15,787,000	15,787,000 E
Charles Gallagher Student Financial Assistance Program	16,628,436 E	16,951,733	16,628,436 E
Advantage Missouri Program	1,060,000	410,000	629,000
Missouri College Guarantee Program	8,460,000 E	8,412,111	8,385,000 E
Public Service Officer or Employee's Child Survivor Grant Program	45,000	30,790	38,250
Vietnam Veteran's Survivor Grant Program	12,000	11,250	10,200
Marguerite Ross Barnett Memorial Scholarship Program	500,000 E	425,000	425,000 E
Missouri Student Loan Program**			
Missouri Student Loan Program Administration	13,202,407	10,333,549	13,006,761
GEAR UP Program	1,754,612	900,704	1,704,612
E-Gov	1,385,400	1,015,536	485,400
Federal Loan Compliance	5,000,000 E	3,940,926	5,000,000 E
Collection Payments	8,000,000 E	10,811,949	8,000,000 E
Missouri Student Loan Program Revolving Fund	85,000,000	42,663,231	85,000,000
Tax Refund Offset Program	750,000 E	111,348	750,000 E
Guaranty Agency Operating-Transfer	2,000,001 E	11,629	2,000,001 E
Public Two-Year Institutions			
State Aid to Community Colleges (\$2 m WP-TANF)	95,386,572	87,911,529	92,991,056
Workforce Preparation Projects	17,839,001	17,303,831	15,912,389
Postsecondary Technical Education Plan	22,387,500	21,715,875	19,969,650
Out-of-District Instructional Programs	1,287,509	1,248,884	1,148,458
Community College Tax Refund Offset	250,000 E	224,108	250,000 E
Linn State Technical College	4,719,475	4,390,886	4,463,887
Public Four-Year Institutions			
Harris-Stowe State College	10,208,324	9,488,114	9,656,032
Missouri Southern State College	19,286,851	18,007,549	20,448,791
Missouri Western State College	19,791,110	18,516,980	20,159,703
Central Missouri State University	55,672,699	52,130,412	52,642,478
Southeast Missouri State University	45,348,509	42,424,384	42,880,983
Southwest Missouri State University	80,369,626	75,338,896	77,832,193
Northwest Missouri State University	29,066,464	27,194,300	29,242,319
Truman State University	42,183,894	39,430,281	39,888,848
Lincoln University	17,373,105	16,235,237	16,435,445
University of Missouri	411,347,559	384,968,925	388,938,932
University of Missouri Health Programs			
Hospital and Clinics	8,911,671	8,344,246	8,911,671
Ellis Fischel Cancer Center	4,223,786	3,954,848	4,223,786
Missouri Rehabilitation Center	10,116,691	9,472,540	10,116,691
Missouri Institute of Mental Health	2,299,850	2,153,414	2,299,850
Alzheimer's Program	227,375	90,078	227,375
Missouri Kidney Program	4,016,774	3,761,018	4,016,774
MOREnet	10,216,571	9,910,074	15,004,401
MOBIUS	649,539	630,053	649,539
State Historical Society	922,601	863,857	922,601
State Seminary Fund	1,500,000	602,063	1,500,000
State Seminary Interest	250,000	209,267	250,000
Spinal Cord Injury	375,000	1,014	375,000
TOTAL	\$1,081,720,537	\$970,836,662	\$1,044,800,774

* MOSTARS, as of August 2003, is no longer a specified division of the MDHE. All functions previously handled by MOSTARS continue to be handled by the MDHE.

**The Missouri Student Loan Program (MSLP) underwent a name change in October 2003 and is currently referred to as the Missouri Department of Higher Education Student Loan Program.

Capital Improvements Budget

Since FY 1995 state appropriations for capital improvement projects at public two- and four-year institutions have totaled nearly \$557 million.

The FY 2001 capital improvement appropriation included over \$140 million for higher education capital projects. However, due to a budget shortfall, only \$9.5 million was ultimately released, which was largely for projects at public two-year institutions. No new capital funding was appropriated for higher education in FY 2002.

Initially a project on the withheld FY 2001 list, the University of Missouri-

Columbia received \$1 million for the life sciences building in FY 2003 with the understanding that the remaining \$29 million will be reappropriated and made available from FY 2004 through FY 2005.

Even though the availability of capital funding remained in question, the Coordinating Board for Higher Education proceeded with its annual capital budget recommendation process for FY 2003. Due to a continued state budget shortfall, no new capital funding was appropriated for higher education in FY 2003.

Independent Auditor's Report on the Financial Statements

We have audited the accompanying financial statements of the various funds of the State Guaranty Student Loan Program of the Department of Higher Education as of and for the year ended June 30, 2002, as identified in the table of contents. These financial statements are the responsibility of the program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State Guaranty Student Loan Program as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we also have issued our report dated February 13, 2003, on our consideration of the program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the program's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the program's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.



Claire McCaskill
State Auditor

A complete audit report may be obtained upon request from the State Auditor's Office.

Missouri Student Loan Program*

Combined Balance Sheet

June 30, 2002

	SPECIAL REVENUE FUNDS				AGENCY FUND	ACCOUNT GROUPS		
	Federal Student Loan Reserve Fund	Guaranty Agency Operating Fund	Restricted Reserve Fund	Restricted Interest Fund	Automatic Transfer of Money (ATOM) fund	General Fixed Asset Account Group	General Long-Term Debt Account Group	TOTAL (Memorandum Only)
ASSETS AND OTHER DEBITS								
Cash	\$20,486,626	\$7,527,667	\$32,421,670	\$2,307,529	\$148,374	\$0	\$0	\$62,891,866
Due from federal government								
Reinsurance	4,000,142	0	0	0	0	0	0	4,000,142
Loan processing and issuance fee	0	233,361	0	0	0	0	0	233,361
Account maintenance fee	0	528,042	0	0	0	0	0	528,042
Due from other funds	281,974	530,084	0	4,157	0	0	0	816,215
Guarantee fees receivable	0	0	0	0	0	0	0	0
Loan recoveries receivable	258,273	0	0	0	0	0	0	258,273
Interest receivable	2,627	965	4,157	296	0	0	0	8,045
Other receivables	0	111,396	0	0	46,429	0	0	157,825
Allowance for default aversion rebate	300,000	0	0	0	0	0	0	300,000
Fixed assets	0	0	0	0	0	940,536	0	940,536
Accumulated depreciation	0	0	0	0	0	(572,696)	0	(572,696)
Amount to be provided for retirement of general long-term debt	0	0	0	0	0	0	155,175	155,175
TOTAL ASSETS AND OTHER DEBITS	\$25,329,642	\$8,931,515	\$32,425,827	\$2,311,982	\$194,803	\$367,840	\$155,175	\$69,716,784
LIABILITIES, EQUITY, AND OTHER CREDITS								
Accrued payroll	0	80,682	0	2,587	0	0	0	83,269
Employee fringe benefits payable	0	24,862	0	728	0	0	0	25,590
Accounts payable	578,187	91,040	0	101,348	1,315	0	0	771,890
Obligation under capital lease	0	0	0	0	0	0	32,354	32,354
Accrued leave liability	0	0	0	0	0	0	122,821	122,821
Default aversion rebate allowance	0	300,000	0	0	0	0	0	300,000
Deferred federal advances	1,874,831	0	0	0	0	0	0	1,874,831
Due to federal government	3,944,234	0	32,421,670	0	0	0	0	36,365,904
Due to other funds	530,792	272,931	4,157	0	8,335	0	0	816,215
Due to schools	0	0	0	0	99,526	0	0	99,526
Due to lenders	0	0	0	0	85,627	0	0	85,627
TOTAL LIABILITIES	\$6,928,044	\$769,515	\$32,425,827	\$104,663	\$194,803	0	\$155,175	\$40,578,027
EQUITY AND OTHER CREDITS								
Investment in fixed assets	0	0	0	0	0	367,840	0	367,840
Fund balance	18,401,598	8,162,000	0	2,207,319	0	0	0	28,770,917
TOTAL EQUITY AND OTHER CREDITS	\$18,401,598	\$8,162,000	\$0	\$2,207,319	\$0	\$367,840	\$0	\$29,138,757
TOTAL LIABILITIES, EQUITY, AND FUND BALANCE	\$25,329,642	\$8,931,515	\$32,425,827	\$2,311,982	\$194,803	\$367,840	\$155,175	\$69,716,784

* The Missouri Student Loan Program (MSLP) underwent a name change in October 2003 and is currently referred to as the Missouri Department of Higher Education Student Loan Program.

Missouri Student Loan Program*

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2002

SPECIAL REVENUE FUNDS

	Federal Student Loan Reserve Fund	Guaranty Agency Operating Fund	Restricted Reserve Fund	Restricted Interest Fund	Total (Memorandum Only)
Revenues					
Federal Reimbursements					
Reinsurance	27,148,467	0	0	0	27,148,467
Loan processing and issuance fee	0	2,559,585	0	0	2,559,585
Account maintenance fee	0	2,117,108	0	0	2,117,108
Tax refund reimbursements/closed school	0	540,807	0	0	540,807
Interest income	1,017,654	279,491	927,656	170,955	2,395,756
Loan recoveries	29,447,732	0	0	0	29,447,732
Miscellaneous	229	23,053	0	0	23,282
TOTAL REVENUES	\$57,614,082	\$5,520,044	\$927,656	\$170,955	\$64,232,737
Expenditures					
Personal service	0	1,923,977	0	62,088	1,986,065
Employee fringe benefits	0	600,647	0	21,141	621,788
Expense and equipment	0	7,144,869	0	851,786	7,996,655
Defaulted loan purchases	48,513,202	0	0	0	48,513,202
Collection agency fees	0	3,822,902	0	0	3,822,902
Payments to federal government	0	0	6,484,334	0	6,484,334
Payments to federal reserve funds	3,944,234	0	0	0	3,944,234
Other	704	93	0	0	797
TOTAL EXPENDITURES	\$52,458,140	\$13,492,488	\$6,484,334	\$935,015	\$73,369,977
Revenues Over (Under) Expenditures	\$5,155,942	(\$7,972,444)	(\$5,556,678)	(\$764,060)	(\$9,137,240)
Other Financing Sources (Uses)					
Operating Transfers					
In	613,834	10,275,623	6,484,334	927,656	18,301,447
Out	(16,727,025)	(613,893)	(927,656)	0	(18,268,574)
Appropriations exercised by other state agencies	0	(123,606)	0	0	(123,606)
Revenues and Other Financial Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(\$10,957,249)	\$1,565,680	\$0	\$163,596	(\$9,227,973)
FUND BALANCE, JULY 1	\$29,328,157	\$6,627,010	\$0	\$2,043,723	\$37,998,890
PRIOR PERIOD ADJUSTMENT	\$30,690	(\$30,690)	\$0	\$0	\$0
ADJUSTED FUND BALANCE, JULY 1	\$29,358,847	\$6,596,320	\$0	\$2,043,723	\$37,998,890
FUND BALANCE, JUNE 30	\$18,401,598	\$8,162,000	\$0	\$2,207,319	\$28,770,917

Missouri Student Loan Program*

Statement of Appropriations and Expenditures

Year Ended June 30, 2002

	Appropriations	Expenditures	Lapsed Balances
GUARANTY AGENCY OPERATING FUND			
Personal service/Expense and equipment	\$16,798,552	\$13,212,863	\$3,585,689
FEDERAL STUDENT LOAN RESERVE FUND			
Purchase of defaulted loans, Payment of default aversion fees, reimbursement to federal government, and investment of funds of the Federal Student Loan Reserve Fund	70,000,000	51,719,517	18,280,483
RESTRICTED INTEREST FUND			
Personal Service/Expense and equipment	2,700,420	821,111	1,879,309
TOTAL ALL FUNDS	\$89,498,972	\$65,753,491	\$23,745,481

* The Missouri Student Loan Program (MSLP) underwent a name change in October 2003 and is currently referred to as the Missouri Department of Higher Education Student Loan Program.

Statistics

The Coordinating Board shall collect the necessary information and develop comparable data for all institutions of higher education in the state.

Section 173.005.2(7), RSMo

Participation Rates: Total Headcount Enrollment at Public Institutions Fall 1981 and Fall 1998 to Fall 2002

INSTITUTION	Fall 1981	Fall 1998	Fall 1999	Fall 2000	Fall 2001	Fall 2002
Four-Year Colleges						
Harris-Stowe State College	1,242	1,735	1,752	1,835	1,921	1,968
Missouri Southern State College	4,330	5,547	5,651	5,785	5,899	5,782
Missouri Western State College	4,259	5,182	5,157	5,089	5,102	5,197
Subtotal	9,831	12,464	12,560	12,709	12,922	12,947
Regional Universities						
Central Missouri State University	9,887	10,763	10,894	10,936	10,822	10,313
Northwest Missouri State University	5,000	6,294	6,462	6,442	6,625	6,514
Southeast Missouri State University	9,122	8,487	8,863	8,948	9,348	9,533
Southwest Missouri State University	14,833	16,794	17,388	17,703	18,252	18,718
Southwest Missouri State University - West Plains	528	1,369	1,397	1,525	1,653	1,720
Subtotal	39,370	43,707	45,004	45,554	46,700	46,798
Statewide Liberal Arts University						
Truman State University	6,978	6,439	6,236	6,111	6,005	5,971
1890 Land-Grant University						
Lincoln University	2,689	3,214	3,347	3,347	3,332	3,092
1862 Land-Grant University						
University of Missouri-Columbia	24,774	22,780	22,930	23,309	23,667	26,124
University of Missouri-Kansas City	11,752	10,610	11,518	12,698	12,969	13,881
University of Missouri-Rolla	7,555	4,918	4,715	4,626	4,883	5,240
University of Missouri-St. Louis	12,390	15,880	15,594	15,397	14,993	15,658
Subtotal	66,138	63,841	64,340	65,488	65,849	69,966
PUBLIC FOUR-YEAR COLLEGE AND UNIVERSITY TOTAL						
	115,339	120,012	121,904	123,751	125,471	129,711
Community Colleges						
Crowder College	1,155	1,750	1,856	1,719	2,012	2,344
East Central College	2,040	3,050	3,209	3,190	3,462	3,320
Jefferson College	2,538	3,971	3,997	3,876	3,899	3,989
Metro Community College - Blue River	N/A	N/A	N/A	2,095	2,294	2,083
Metro Community College - Business and Technology	N/A	N/A	N/A	N/A	N/A	387
Metro Community College - Longview	4,749	8,091	8,198	6,022	5,792	5,802
Metro Community College - Maple Woods	2,596	5,042	5,076	5,294	5,045	4,840
Metro Community College - Penn Valley	5,354	4,495	4,277	4,366	4,376	4,526
Mineral Area College	1,469	2,581	2,582	2,702	2,878	3,093
Moberly Area Community College	983	2,293	2,606	2,938	3,269	3,624
North Central Missouri College	536	1,375	1,319	1,402	1,348	1,438
Ozarks Technical Community College	N/A	5,317	5,922	6,343	7,571	8,130
St. Charles County Community College	N/A	5,416	5,526	5,565	6,171	6,612
St. Louis Community College at Florissant Valley	11,740	7,121	7,045	6,690	6,924	7,289
St. Louis Community College at Forest Park	7,650	5,872	6,456	6,749	6,930	7,610
St. Louis Community College at Meramec	11,572	12,713	13,248	12,518	12,296	12,607
State Fair Community College	1,588	2,309	2,790	3,207	3,355	3,290
Three Rivers Community College	1,524	2,315	2,556	2,641	2,812	2,839
Subtotal	55,494	73,711	76,663	77,317	80,434	83,823
State Technical College						
Linn State Technical College	N/A	739	757	753	814	875
Public Institution Total	170,833	194,462	199,324	201,821	206,719	214,409

Participation Rates:

Total Headcount Enrollment at Independent Institutions

Fall 1981 and Fall 1998 to Fall 2002

INSTITUTION	Fall 1981	Fall 1998	Fall 1999	Fall 2000	Fall 2001	Fall 2002
Four-Year Colleges and Universities						
Avila University	1,974	1,270	1,438	1,412	1,644	1,746
Central Methodist College	671	1,267	1,260	1,231	1,279	1,361
College of the Ozarks	1,560	1,488	1,429	1,404	1,395	1,345
Columbia College	2,225	8,050	8,002	7,948	8,564	8,957
Culver-Stockton College	644	943	870	821	821	828
Drury University	2,805	3,882	4,235	4,370	4,243	4,430
Evangel University	1,886	1,631	1,564	1,538	1,570	1,755
Fontbonne University	882	1,984	2,076	2,060	2,192	2,344
Hannibal-LaGrange College	434	1,026	1,139	1,104	1,099	1,117
Lindenwood University	1,916	5,184	5,847	6,056	6,446	6,940
Maryville University	1,688	3,057	3,060	3,055	3,162	3,265
Missouri Baptist University	438	2,716	2,974	2,806	3,105	3,191
Missouri Valley College	482	1,527	1,570	1,549	1,577	1,600
Park University	3,037	8,591	8,469	9,224	9,482	10,123
Rockhurst University	3,299	2,862	2,955	2,727	2,730	2,870
Saint Louis University	9,324	14,253	14,062	13,873	13,522	14,004
Southwest Baptist University	1,510	3,708	3,634	3,593	3,564	3,536
Stephens College	1,262	773	788	771	669	652
Washington University	10,855	12,035	12,088	12,118	12,187	12,767
Webster University	5,197	11,853	12,826	13,783	15,402	17,442
Westminster College	714	716	686	679	770	785
William Jewell College	1,746	1,471	1,500	1,442	1,369	1,430
William Woods University	838	1,509	1,318	1,479	1,659	1,813
Subtotal	55,387	91,796	93,790	95,043	98,451	104,301
Two-Year Colleges						
Cottey College	N/A	272	279	311	326	305
Kemper Military School and College	122	232	203	*	*	*
Wentworth Military Academy and Junior College	232	355	347	292	312	325
Subtotal	354	859	829	603	638	630
Independent Institution Total	55,741	92,655	94,619	95,646	99,089	104,931
STATE TOTAL	226,574	287,117	293,943	297,467	305,808	319,340

N/A indicates that data are not available.

*Figures in fall 1999 are from the IPEDS EF, Fall Enrollment form. As of fall 2000, Kemper was no longer offering postsecondary programs.

NOTE: Figures may vary from previous reports due to updates.

Enrollment

In the fall of 2002, headcount enrollment totaled 214,409 at Missouri's public colleges and universities and 104,931 at Missouri's independent institutions. The total headcount enrollment at the state's public and independent institutions in 2002 represents an increase of 11.2 percent, from 287,117 in 1998 to 319,340 in 2002.

Performance Rates: Degrees Conferred by Public Institutions FY 2002

INSTITUTION	CERTIFICATES*	ASSOCIATE'S	BACHELOR'S	MASTER'S	DOCTORATES	FIRST PROF.	OTHER**	TOTAL
Four-Year Colleges								
Harris-Stowe State College	0	0	149	0	0	0	0	149
Missouri Southern State College	0	178	665	0	0	0	0	843
Missouri Western State College	12	52	672	0	0	0	0	736
Subtotal	12	230	1,486	0	0	0	0	1,728
Regional Universities								
Central Missouri State University	0	59	1,583	393	0	0	25	2,060
Northwest Missouri State University	17	0	976	218	0	0	20	1,231
Southeast Missouri State University	9	6	1,273	191	0	0	16	1,495
Southwest Missouri State University	0	0	2,495	697	0	0	22	3,214
Southwest Missouri State University - West Plains	0	209	0	0	0	0	0	209
Subtotal	26	274	6,327	1,499	0	0	83	8,209
Statewide Liberal Arts University								
Truman State University	0	0	1,216	102	0	0	0	1,318
1890 Land-Grant University								
Lincoln University	0	66	325	65	0	0	0	456
1862 Land-Grant University								
University of Missouri-Columbia	0	0	3,761	991	252	291	69	5,364
University of Missouri-Kansas City	0	0	1,221	741	59	359	51	2,431
University of Missouri-Rolla	0	0	742	366	45	0	22	1,175
University of Missouri-St. Louis	0	0	1,887	637	45	42	64	2,675
Subtotal	0	66	9,152	2,902	401	692	206	13,419
PUBLIC FOUR-YEAR COLLEGE AND UNIVERSITY TOTAL								
	38	570	16,965	4,401	401	692	289	23,356
Community Colleges								
Crowder College	86	231	0	0	0	0	0	317
East Central College	372	317	0	0	0	0	0	689
Jefferson College	207	453	0	0	0	0	0	660
Metro Community College - Blue River	75	224	0	0	0	0	0	299
Metro Community College - Longview	65	482	0	0	0	0	0	547
Metro Community College - Maple Woods	128	374	0	0	0	0	0	502
Metro Community College - Penn Valley	186	341	0	0	0	0	0	527
Mineral Area College	8	317	0	0	0	0	0	325
Moberly Area Community College	82	311	0	0	0	0	0	393
North Central Missouri College	51	217	0	0	0	0	0	268
Ozarks Technical Community College	96	524	0	0	0	0	0	620
St. Charles County Community College	25	478	0	0	0	0	0	503
St. Louis Community College at Florissant Valley	111	380	0	0	0	0	0	491
St. Louis Community College at Forest Park	93	379	0	0	0	0	0	472
St. Louis Community College at Meramec	94	749	0	0	0	0	0	843
State Fair Community College	79	310	0	0	0	0	0	389
Three Rivers Community College	56	371	0	0	0	0	0	427
Subtotal	1,814	6,458	0	0	0	0	0	8,272
State Technical College								
Linn State Technical College	70	210	0	0	0	0	0	280
PUBLIC INSTITUTION TOTALS								
2002	1,922	7,238	16,965	4,401	401	692	289	31,908
2001	1,699	7,017	16,124	4,299	429	704	253	30,525
2000	1,716	6,775	16,164	4,077	402	706	210	30,050
1999	1,902	6,677	15,961	4,160	369	737	158	29,964
1998	1,836	6,808	15,648	4,048	426	630	148	29,544
1997	2,435	5,833	15,302	4,257	404	633	135	28,999

Degrees Conferred

During FY 2002, a total of 56,628 degrees were conferred by Missouri colleges and universities. Missouri's public colleges and universities conferred 31,908 degrees; the independent colleges and universities conferred 24,720.

The total number of degrees conferred by Missouri public and independent colleges and universities has increased from 51,415 in 1998 to 56,628 in 2002, an increase of nearly 10.1 percent.

Performance Rates: Degrees Conferred by Independent Institutions FY 2002

INSTITUTION	CERTIFICATES*	ASSOCIATE'S	BACHELOR'S	MASTER'S	DOCTORATES	FIRST PROF.	OTHER**	TOTAL
Four-Year Colleges and Universities								
Avila University	0	0	160	71	0	0	0	231
Central Methodist College	0	2	293	21	0	0	0	316
College of the Ozarks	0	0	285	0	0	0	0	285
Columbia College	0	574	1,643	46	0	0	0	2,263
Culver-Stockton College	0	0	174	0	0	0	0	174
Drury University	0	152	584	120	0	0	0	856
Evangel University	0	42	263	0	0	0	0	305
Fontbonne University	0	0	328	284	0	0	0	612
Hannibal-LaGrange College	0	23	142	0	0	0	0	165
Lindenwood University	0	0	744	868	0	0	0	1,612
Maryville University	0	0	544	141	0	0	0	685
Missouri Baptist University	14	4	213	57	0	0	0	288
Missouri Valley College	0	3	145	0	0	0	0	148
Park University	0	148	2,269	56	0	0	0	2,473
Rockhurst University	12	0	361	251	0	0	0	624
Saint Louis University	35	3	1,431	622	110	355	27	2,583
Southwest Baptist University	9	72	375	349	0	0	0	805
Stephens College	0	9	107	14	0	0	0	130
Washington University	0	0	1,709	1,278	173	318	4	3,482
Webster University	2	0	1,038	4,536	7	0	16	5,599
Westminster College	0	0	116	0	0	0	0	116
William Jewell College	0	0	257	0	0	0	0	257
William Woods University	0	0	240	292	0	0	0	532
Subtotal	72	1,032	13,421	9,006	290	673	47	24,541
Two-Year Colleges								
Cottey College	0	121	0	0	0	0	0	121
Wentworth Military Academy and Junior College	0	58	0	0	0	0	0	58
Subtotal	0	179	0	0	0	0	0	179
INDEPENDENT INSTITUTION TOTALS								
2002	72	1,211	13,431	9,006	290	673	47	24,730
2001	66	1,229	12,548	8,585	328	681	32	23,469
2000	74	1,246	12,483	8,416	324	660	32	23,235
1999	143	1,259	11,739	7,970	307	714	33	22,165
1998	143	1,278	12,007	7,344	353	701	45	21,871
1997	152	1,273	11,632	6,607	323	693	33	20,713
STATE TOTALS								
2002	1,994	8,449	30,386	13,407	691	1,365	336	56,628
2001	1,765	8,246	28,672	12,884	757	1,385	285	53,994
2000	1,790	8,021	28,647	12,493	726	1,366	242	53,285
1999	2,045	7,936	27,700	12,130	676	1,451	191	52,129
1998	1,979	8,086	27,655	11,392	779	1,331	193	51,415
1997	2,587	7,106	26,934	10,864	727	1,326	168	49,712

*includes less than one-year, less than two-year, and less than four-year certificates

**includes post-baccalaureate and post-master's degrees

NOTE: Linn State is included in totals beginning in 1996

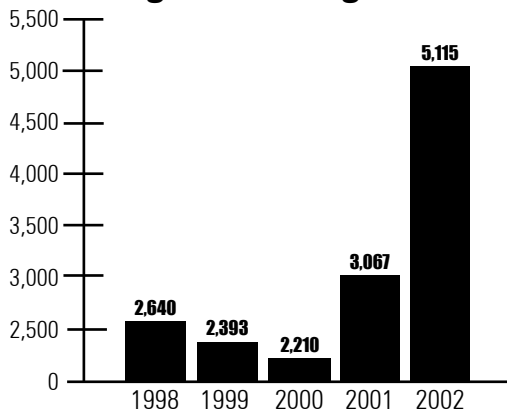
Proprietary School Certification Program

The [Coordinating] Board shall issue certificates of approval to proprietary schools that meet the minimum standards established pursuant to the provisions of sections 173.600 to 173.618, RSMo.

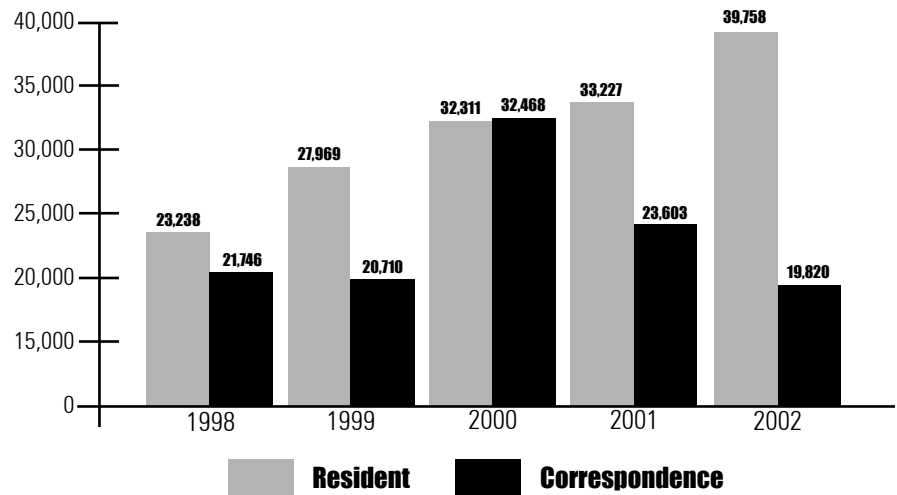
Section 173.604.1, RSMo

Total Enrollment at Certified Schools

Non-Missouri Degree-Granting Schools

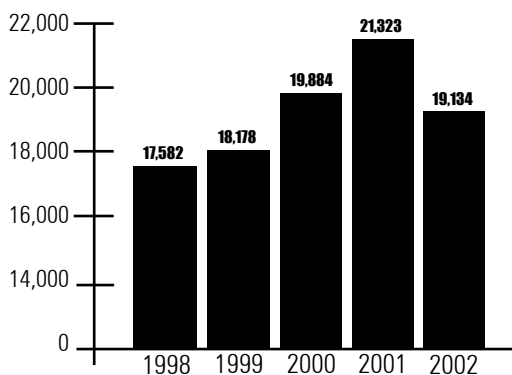


Missouri Private Career Schools

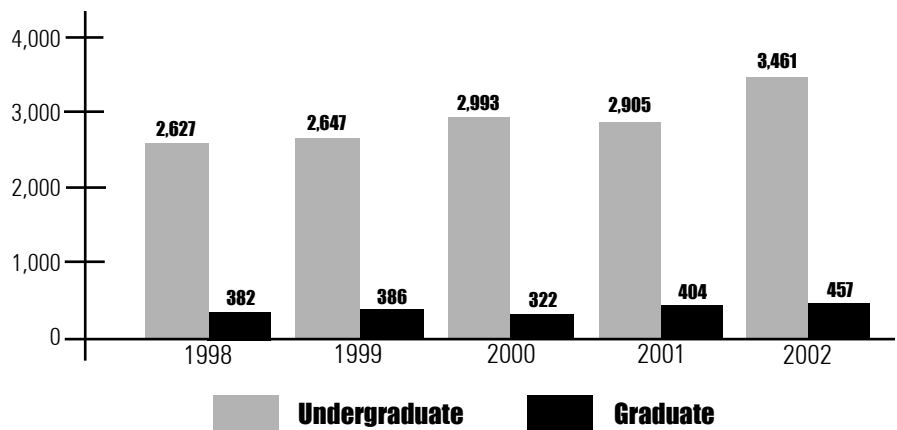


Completions at Certified Schools

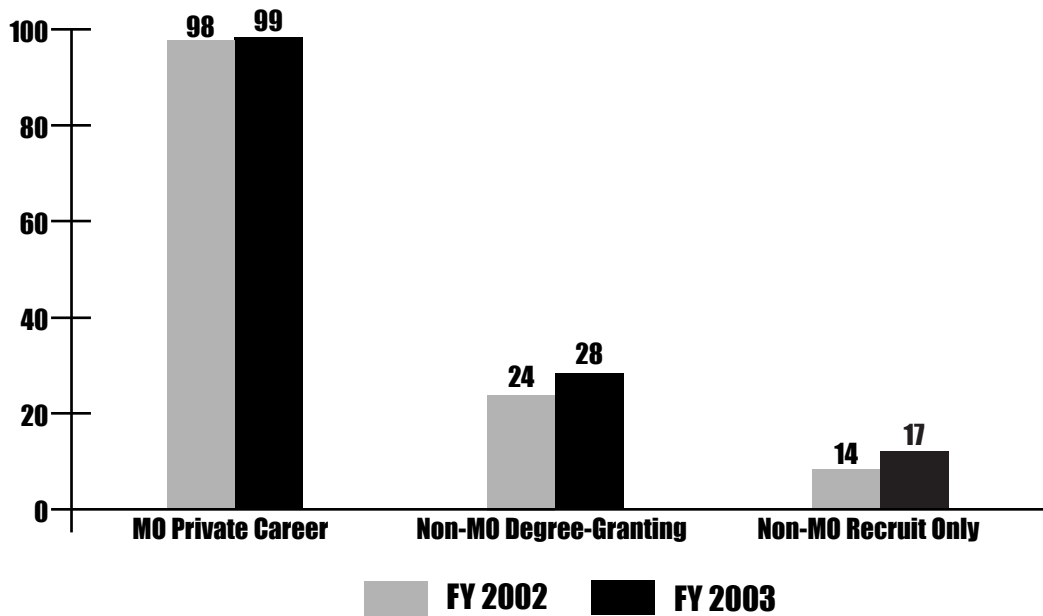
Certificates Awarded



Degrees Awarded



School Certifications Issued by Type and Fiscal Year*



* Totals do not reflect certificates for branch campuses or renewals.

Status of School	Number of Schools	
	FY 2002	FY 2003
Certified - Total	136	144
Certified - Initial	15	16
Closed	6	4
Exempted	13	10

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AGENDA ITEM SUMMARY

AGENDA ITEM

Collaborative Activities with the Missouri Higher Education Loan Authority (MOHELA)
Coordinating Board for Higher Education
April 8, 2004

DESCRIPTION

The Department of Higher Education (DHE) and MOHELA, the state's designated student loan secondary market, have been working in partnership on various long range planning efforts relating to the GEAR UP scholarship and early awareness and outreach activities. Mr. Michael (Mike) Cummins, Executive Director and CEO, will be on hand at the April 8 CBHE meeting to visit with the board in more detail on current and proposed partnership activities between MOHELA and DHE. Background information on MOHELA is included as an attachment to this board item.

The basic operation of the student loan program, showing the business relationship between a guarantor such as DHE and a lender/servicer such as MOHELA is also included with this board item. Both MOHELA and DHE work with other guarantor or lender/servicer partners at the discretion of the student or school.

At a November meeting, the MOHELA board approved three resolutions that will support the efforts of CBHE/MDHE to achieve our priority goal of increasing successful participation in higher education, especially by those currently underrepresented.

First, as part of the original GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) state grant proposal, DHE agreed to provide matching scholarship funds of approximately \$5 million for students successfully completing the Missouri GEAR UP Program and enrolling in higher education. The U.S. Department of Education (USDE) has sought a stronger assurance of Missouri's commitment of these matching funds as originally outlined in the grant proposal. In response, DHE began working with MOHELA last fall to explore how they might assist the department in meeting this financial obligation. At its November 2003 meeting, the MOHELA board of directors passed a resolution committing \$5 million to be set aside for the purpose of funding these GEAR UP scholarships if Missouri College Guarantee funds prove inadequate.

MOHELA's board of directors passed a second resolution at the November meeting aimed at working toward the common goal of increasing access to and successful participation in higher education. MOHELA has agreed to set aside \$25 million from its reserve funds and work jointly with DHE to use the interest earned on these funds and other funds, as available, to fund early awareness and outreach activities, to provide need-based scholarships to eligible students, as well as to implement other activities such as financial literacy programs. We are researching

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ways that DHE can invest some of our loan operating funds, as student financial aid-related activities.

A third resolution approved by the MOHELA board in November supports the efforts of the Missouri student loan program to keep costs as low as possible for borrowers. The Federal Family Education Loan (FFEL) program authorizes the guaranty agency to charge a one percent guarantee fee, which goes to the federal fund from which claims for defaulted loans are paid. Since July 1, 1999, we have waived this fee, which has saved student borrowers over \$22 million. Because we project our federal fund to remain adequate for our purposes over the coming year, we have decided to waive this fee for another year, saving borrowers another \$7 million.

Ultimately, without either an approval for our Voluntary Flexible Agreement (VFA) or a change in the federal Higher Education Act, perhaps even for FY 2006, we will need to charge this guarantee fee. Should that become necessary, MOHELA has agreed to pay the fee for Missouri students who use both the Missouri guarantee and MOHELA as lender or servicer. This may save borrowers and cost MOHELA an estimated \$6 million per year.

Finally, in addition to these resolutions, MOHELA has been a national leader in offering borrower benefits through the regular FFEL program. Benefits include a 2.5 percent rate reduction. For the next school year, MOHELA will increase those benefits to 3 percent, making the cost of borrowing from them among the lowest in the nation. Michael Cummins received an enthusiastic response to the announcement of this decision at the spring conference of the Missouri Association of Student Financial Aid Professionals (MASFAP).

As reported to the Coordinating Board earlier, MOHELA and the department have also developed a loan forgiveness program for math and science students who stay in Missouri to work with a life science company. Under this program, eligible borrowers could receive loan forgiveness of up to \$2,500 per year for four years.

As these resolutions and MOHELA borrower benefits demonstrate, MOHELA has expanded their commitment to the state's goal of increasing successful participation in higher education. DHE and MOHELA are working more collaboratively than ever before. DHE staff and MOHELA staff look forward to future partnership opportunities that will further solidify the working relationship between the two organizations.

Michael Cummins, the CEO of MOHELA, will discuss these initiatives with the board, and seek the CBHE's commitment to the planned DHE investment in these strategic partnership activities.

STATUTORY REFERENCE

Section 173.350 through 173.360, RSMo, Higher Education Loan Authority

RECOMMENDED ACTION

This is a discussion item only.

ATTACHMENTS

Attachment A: Background on MOHELA

Attachment B: Facts about MOHELA



Background on MOHELA

Purpose

Established in 1981, the Higher Education Loan Authority of the State of Missouri ("MOHELA") was created by the General Assembly of the State of Missouri to assure all eligible postsecondary education students have access to student loans. MOHELA is a participant in the Federal Family Education Loan Program ("FFELP").

As a secondary market, MOHELA is charged with the responsibility of raising capital to purchase student loans from banks and other lending institutions in addition to providing loan servicing. Due to the fact that most lenders generally have a limited amount of funds available for student loans, MOHELA provides liquidity in the marketplace by acquiring the loans for a premium and therefore allowing additional funds to be dedicated to student lending. MOHELA also provides a valuable servicing function otherwise assumed by a student loan lender, including maintaining contact with borrowers through their in-school, grace and repayment periods. Student loan servicing requires strict compliance with government rules and regulations often deemed too onerous and costly by the lending community. Thus, in order to keep lending institutions involved in the student loan program, secondary markets were created to provide liquidity in the market place and reduce the administrative and fiscal burdens associated with higher education finance. MOHELA is the largest not for profit student loan secondary market in the country.

Raising Capital

MOHELA raises capital to effectuate student loan purchases through the issuance of both taxable and tax-exempt revenue bonds. All bonds issued by MOHELA, pursuant to state law, are payable solely from and secured by a pledge of revenues derived from the ownership of student loan notes and investment income. Bonds issued by MOHELA do not constitute a liability of the state of Missouri. Student loan notes purchased or financed by MOHELA are not considered to be public property. The proceeds of all bonds issued by MOHELA and all fees permitted to be charged along with all other revenues derived are not considered to be part of the revenue of the state within the meaning of article III, section 36 of the Constitution of Missouri and is not required to be deposited into the state treasury and is not subject to appropriation by the General Assembly. All of MOHELA's expenses incurred in carrying out its mission are payable solely from its own funds. MOHELA has never received an appropriation from the state of Missouri.

Borrower Benefit Programs

Today, student loan interest rates are among the lowest they have been since the inception of the federally guaranteed student loan program. The FFELP industry is vibrant and competitive as well as geared towards providing valuable borrower benefits. MOHELA's Rate Relief program is among the nation's best borrower benefit programs, offering up to a 2.5% interest rate reduction for qualifying borrowers. (MOHELA plans to offer up to a 3% interest rate reduction for qualifying borrowers later this year).

For the past several years, MOHELA has granted loan forgiveness for those Missouri borrowers who have been responsible in repayment and who have significantly reduced the principal balance of their student loan. Recently, MOHELA launched the Missouri Advantage Repayment Incentive Option ("MARIO"), which provides loan forgiveness for borrowers who receive qualifying degrees from eligible Missouri colleges and universities and who are employed in designated high demand fields in the state of Missouri.

In addition, MOHELA offers its public service reward program, which substantially reduces the interest rate of student loan borrowers who are employed in certain occupations within the state of Missouri including teachers, peace officers, social workers, state government workers, nurses and national guardsmen.

MOHELA also offers its student loan borrowers the opportunity to participate in Upromise, a service that enables borrowers, their families and friends to reduce a borrower's student loan debt through receiving credit to their account for purchases they make at participating Upromise merchants.

MOHELA has been recognized by *NBC News*, the *Wall Street Journal*, *US News and World Report* and *Business Week* for its outstanding borrower benefits and low student loan repayment rates.

Outreach Activities

MOHELA has provided ongoing financial support to the higher education community by way of the Purdy Scholarship, which is solely funded by MOHELA and provides annual grant funds to the Missouri Department of Higher Education. Moreover, MOHELA has created and financially supported career computer resource centers throughout the state. MOHELA is committed to statewide and national higher education finance initiatives and has provided economic resources to a variety of institutional beneficiaries to accomplish this end.

Operations

The offices of MOHELA are located in Chesterfield, Missouri. MOHELA has nearly 250 employees and is governed by a board of directors. Mr. Michael Cummins serves as MOHELA's Executive Director and is responsible for the organization's daily operation. MOHELA exists to "serve the student" and is among the nation's most preferred providers of student loan services.



Facts about MOHELA

- The Higher Education Loan Authority of the State of Missouri ("MOHELA") is a separate public instrumentality of the state of Missouri created by state statute in 1981.
- MOHELA is the nation's largest not for profit secondary market for student loans with the mission of assuring all eligible postsecondary education students have access to student loans.
- MOHELA is one of the top ten holders and servicers of student loans in the USA.
- MOHELA purchases and services student loans as a participant in the Federal Family Education Loan Program ("FFELP") and also provides borrowers access to alternative student loans.
- MOHELA has approximately \$3.8 billion in assets, and loan purchase activity in excess of \$900 million per year.
- MOHELA provides students with needed capital to finance their education through its partnerships with more than 75 local, regional and national lending institutions.
- MOHELA has over twenty years of experience in servicing student loans and providing assistance to financial and education institutions in addition to helping hundreds of thousands of student borrowers and their families realize higher education opportunities.
- MOHELA owns and services several different types of student loans, including PLUS loans, Consolidation loans, CASHLoans and Stafford loans.
- MOHELA initiates and maintains valuable borrower benefit and outreach programs including ongoing financial support to the higher education community.
- All of MOHELA's expenses in carrying out its mission are payable solely from its own funds. MOHELA has never received a general treasury/budget appropriation from the state of Missouri. Private individuals, not the federal or state government, personally guaranteed MOHELA's initial borrowing to cover all of the costs associated with operating the organization.
- By law, MOHELA financed or purchased student loans are not considered to be public property and MOHELA's bond proceeds and revenue are not a part of the state treasury and are not subject to appropriation by the General Assembly.
- Today, the majority of MOHELA's bonds outstanding are taxable bonds. MOHELA is eligible, subject to tax-exempt cap availability, to initiate tax-exempt financings.

AGENDA ITEM SUMMARY

AGENDA ITEM

Excellence in Missouri Foundation
Coordinating Board for Higher Education
April 8, 2004

DESCRIPTION

At a special luncheon session during the April 2003 CBHE meeting, John Politi, Chairman of the Excellence in Missouri Foundation (EIMF), addressed members of the Coordinating Board for Higher Education and presidents and chancellors of Missouri's colleges and universities about the Malcolm Baldrige Quality Award criteria as a foundation for the Missouri Quality Award. . During its official meeting, the CBHE adopted the Malcolm Baldrige Quality principles as a management model and encouraged the staff to promote a similar commitment from Missouri's colleges and universities. The Malcolm Baldrige criteria cover the following seven categories:

- Leadership
- Strategic Planning
- Customer Focus
- Information and Analysis
- Employee focus
- Process management
- Results

At the initiation of DHE, two one-day workshops, titled, "Enhancing the Performance of Missouri Higher Education: Paths to Performance Excellence," were held in September 2003. During the workshops, which were attended by 29 public and independent institutions, two performance improvement approaches – the Missouri Quality Award criteria and the Academic Quality Improvement Program (AQIP) of the Higher Learning Commission were discussed in depth.

Prior to these sessions, three institutions were identified as utilizing these quality criteria as a management model. Two universities were awarded the Missouri Quality Award the University of Missouri – Rolla and Northwest Missouri State University. (Northwest received the MQA twice). One two-year institution, Crowder College joined the group of colleges and universities participating in the AQIP re-accreditation process of the Higher Learning Commission. Since these workshops, two other Missouri institutions have been accepted to participate in AQIP: Missouri Western State College, and East Central College. Several other Missouri institutions have indicated that they are considering becoming an AQIP institution.

Implementing a performance improvement approach, whether it is MQA, AQIP, or another approach, will help institutions show the linkage between their budget requests and their results.

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The DHE is committed to providing support to institutions to better understand the processes involved in integrating quality principles as a management tool for daily operations. As part of this support, the EIMF is prepared to offer Missouri colleges and universities a group of support services. Brenda Hatfield, the President of the foundation, will make a presentation to the Coordinating Board about the types of services available.

STATUTORY REFERENCE

Section 173.005 to 173.830, RSMo.

RECOMMENDED ACTION

This is a discussion item only.

ATTACHMENT(S)

None

AGENDA ITEM SUMMARY

AGENDA ITEM

State of the Workforce Report
Coordinating Board for Higher Education
April 8, 2004

DESCRIPTION

This will be a presentation of the recommendations contained in the State of the Workforce Report prepared by the Missouri Training and Employment Council (MTEC) with the assistance of the Corporation for a Skilled Workforce.

Background

In the report by the governor, *Missouri@Work: An Action Plan for Economic Growth (2003)*, The Missouri Training and Employment Council (MTEC) was charged with developing a State of the Workforce Report to identify gaps in skills and knowledge that will help people get and keep quality jobs.

The presentation will be made by David Heath, MTEC Chairman, and Labor Relations Lead, Integrated Defense Systems at the Boeing Corporation in St. Louis, Missouri. Mr. Heath holds a Juris Doctor from Washburn University; a Master's of Arts Degree in Human Resource Management from Webster University and received his B.A. in Psychology from Washburn University. He completed his Advanced Labor Studies in 1983 from Harvard Law School and participated in the Harvard Negotiation Project in 1984 and 1986. Mr. Heath was appointed to MTEC in 2001 by Governor Holden.

RECOMMENDED ACTION

It is recommended that the Missouri Coordinating Board for Higher Education acknowledge the role of education and training in Missouri's Workforce Development System and the integral role postsecondary education and training has in increasing essential skills and knowledge that will help people get and keep quality jobs. It is further recommended that the Missouri Coordinating Board for Higher Education commend the Missouri Training and Employment Council for its work in preparing the "State of the Workforce Report." Finally, it is recommended that the Coordinating Board for Higher Education direct the Commissioner of Higher Education and staff at the Department of Higher Education to assist the Missouri Training and Employment Council in implementing the report's recommendations.

ATTACHMENT

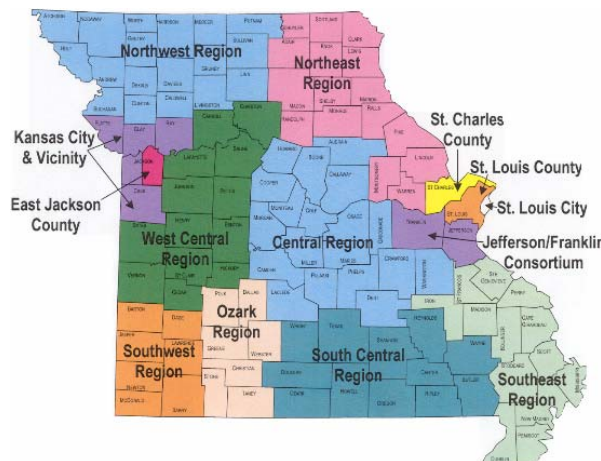
Missouri State of the Workforce Report 2004-Executive Summary

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Missouri State of the Workforce Report 2004 Executive Summary

21st Century Economy

The 21st Century has brought with it dramatic changes in the world's economy. This transition to a 21st Century economy has been accelerated by the productivity increases afforded by evolving technologies. The emerging knowledge-based economy of the industrialized world requires higher skill levels of its workers and advanced business/manufacturing techniques of its companies. The economic future belongs to workers, businesses and governments that openly embrace innovation and acquisition of advanced skills and knowledge. As this report demonstrates, Missouri has much work to do to build a workforce with the skills required to assist their employers to compete in the 21st Century economy.



Reforming Missouri's Workforce Investment System

In response to the demands of the emerging 21st Century economy, Missouri is reforming its workforce investment system. Missouri is reinforcing its commitment to local decision-making by providing more relevant and complex data to communities. In addition, evidence of the collaborative efforts to improve system performance is reflected in the actions of such bodies as the local Workforce Investment Boards, Missouri Commission on the Future of Higher Education, Missouri Business/ Education Roundtable, Missouri Board of Education, Missouri Coordinating Board of Higher Education, Missouri Training and Employment Council, and others. A variety of business, organized labor and civic organizations are also fully engaged in transforming Missouri into a highly competitive 21st Century economy.

Missouri is attacking the challenges of this new knowledge-based economy in an integrated manner. The key to Missouri's continued success will be its ability to effectively integrate the actions of the business, education and workforce sectors. While efforts are underway to work toward common goals, the linkages between the three sectors must be accentuated and leveraged for success. Missouri is focused on the needs of business and a culture of life-long learning (skill refinement) is emerging. Adaptive systems are being designed to provide more meaningful information for individuals (a broader set of career options) and for businesses (enhanced market and workforce data).

What is the State of the Workforce Report?

The *Missouri State of the Workforce Report 2004* was developed in response to a charge by the Governor to the Missouri Training and Employment Council to identify gaps in skills and education of the workforce, and recommend strategies to increase essential skills and knowledge that will help people get and keep jobs. The development of the *Report* has been a collaborative effort among people from the business, labor, education and the workforce

service delivery system. The Missouri Training and Employment Council has initiated a comprehensive dialog on the state of the workforce with the assistance of The Corporation for a Skill Workforce (a respected national consultant). As requested by Governor Holden, the essential and technical skills needed by business and industry have been identified, along with eleven essential recommendations for improving the workforce investment system.

The full report incorporates information from many state and national data sources, and analysis by various committees and stakeholders, including the National Governors Association Workforce Policy Academy Team. This document is one piece in a suite of workforce performance reports and intelligence products developed for Missouri by the Corporation for a Skilled Workforce. Additional products include *Missouri's State of the Workforce Report 2004*, *Comparative Workforce Indicators for the State of Missouri* and *Developing a Balanced Scorecard for Missouri's Workforce System*.

Missouri's State of the Workforce Report 2004 suite of products is available at:

<http://www.ded.mo.gov/employment/mtec/>

Missourians Must Recognize, Embrace, and Initiate Change and Innovation

Missouri must reposition itself to be successful in the “new economy.” According to the **2002 State New Economy Index**, produced by the Progressive Policy Institute, Missouri ranks near or below average in many important factors.

New Economy Indicators

Indicator	Missouri Score	Missouri Rank of all States	U.S. Average	Top Ranked State (Score)	Bottom Ranked State (Score)
Manufacturing Workforce Education	0.67	40 th	1.0	Hawaii (1.76)	Arkansas (0.01)
Scientists and Engineers	.38%	31 st	0.49%	New Mexico (1.21%)	Nevada (0.22%)
Industry R&D Investment	.81%	29 th	1.91%	Rhode Island (4.29%)	South Dakota (.08%)
Overall Score (21 indicators)	58.85	24 th	60.32	Massachusetts (90.00)	West Virginia (40.71)

Source: 2002 State New Economy Index <http://www.neweconomyindex.org/states/2002/>

The new economy requires high-level cognitive skills, innovation, adaptability to rapid change, and strong linkages among government, education, and business. Twentieth century models of education and economic development will not help the state to be competitive in the next century. The 21st Century model of education requires increased rigor and lifelong learning. The 21st Century approach to economic development includes cluster-based strategies and community involvement.

The Missouri Economic Research and Information Center (MERIC) has identified three potential clusters¹ that are key to Missouri's future success; they are advanced manufacturing, information technology, and life sciences. Together, these clusters account for over 40 percent of the state economy, contributing over \$60 billion annually. They are responsible for over 360,000 direct jobs and over 700,000 additional indirect jobs. However, they should not be automatically accepted as the final clusters without full discussion and consensus with stakeholders.

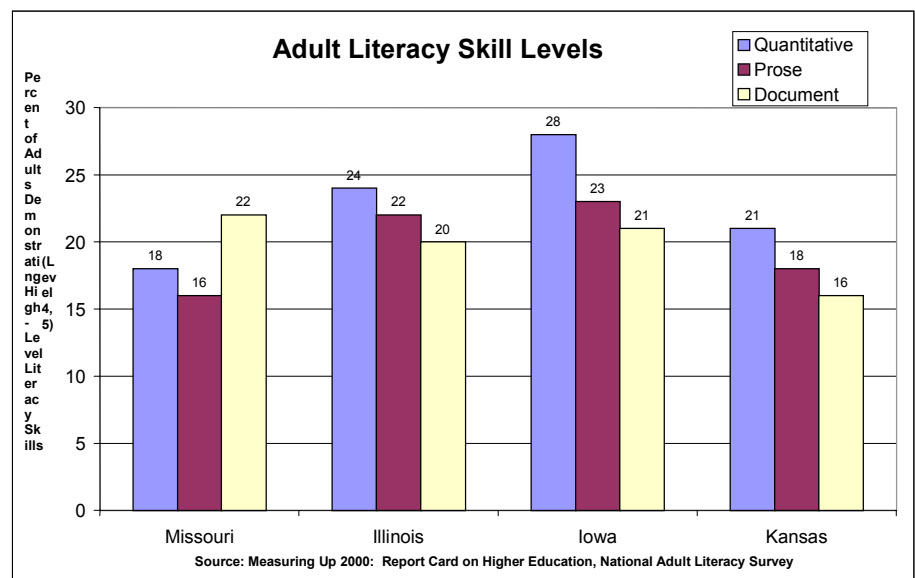
Strategies for cluster-based workforce development:

- **Training:** upgrading workers' skills in the industry clusters.
- **Sector research and analysis:** learning more about the industries' practices and factors for success.
- **Worker retention:** assisting cluster employers in identifying and resolving retention issues.
- **Employer engagement:** forming and working with industry associations and skill alliances.
- **Career pathways:** developing skill standards for intermediate and long-term credentials in the industries.
- **New worker recruitment:** brokering labor force attachment and raising the quality of the applicant pool.
- **Organizing for action:** building coalitions of stakeholders, developing advocacy campaigns.
- **Enterprise development:** developing entrepreneurial training, discovering new markets.
- **Changing "systems" of the industry:** changing regulations, financing and investment patterns, hiring and training practices.

Percentage of Citizens Who Are Highly Literate Must Increase Significantly

One of every two Missourians does not meet average levels of adult literacy. To be competitive in the new economy, the workforce must have strong basic skills and have the capacity to benefit from training. Nationally, people who are at the level of one-

third of Missourians are more likely to be living in poverty, more likely to be on welfare or food stamps, are employed fewer weeks per year, and are disproportionately represented in the prison population compared to people at the upper levels of literacy.



¹ A cluster is a group of similar, related, or complimentary businesses that are geographically bounded; share specialized infrastructure, labor markets, and services; and are faced with common opportunities and threats.

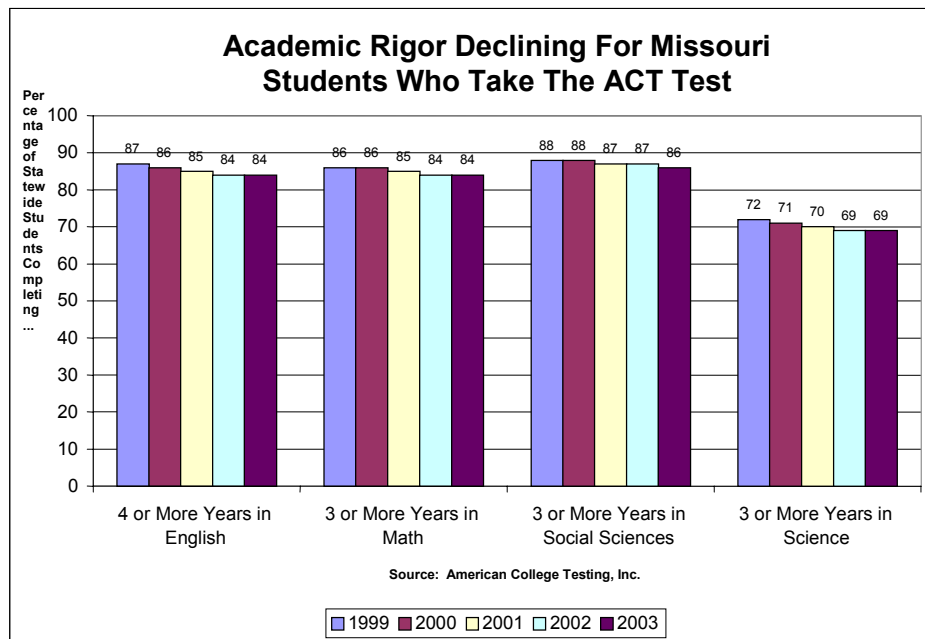
Strategies for Engaging Missourians in Improving Literacy:

The Missouri Training and Employment Council has identified recommendations to expand participation in literacy programs:

- As reflected in the Missouri Business - Education Roundtable Report, the State must provide strong support for an education continuum of pre-school through higher education.
- Imbedding literacy instruction in all adult training programs.
- Promoting a common workforce readiness credentialing system for Missouri.
- Enhancing Missouri Career Centers to identify those in need of literacy training.
- Support efforts by the State's higher education institutions in developing and promoting literacy improvement programs in the communities they serve.
- Encouraging businesses to promote the benefits of literacy in the workplace.
- Continue to provide literacy training opportunities for all people receiving public assistance leading to self-sufficiency.

High School Graduation Requirements Must be More Rigorous

The new economy requires higher-level cognitive skills. Increased rigor in educational preparation can contribute to development of those skills. At a time when the state needs to be more academically competitive, there has been a decline in the number of students completing



the more rigorous academic courses. Recent records show that fewer students are choosing to take advanced English classes. There has also been a two percent decline in the percentage of students taking three or more years of math, and a three percent decline in the percentage of students taking three or more years of science.

When comparing key indicators of college preparation, Missouri ranks below selected comparison states (Illinois, Iowa, and Kansas) in:

- The number of scores in the top 20 percent nationally on ACT exams per 1,000 high school graduates.
- Percent of high school freshmen enrolling in college within four years of graduation.
- 18 to 24 year olds enrolling in postsecondary education.

Compared to the top states in the nation, Missouri has a lower percentage of eighth grade students scoring at or above “proficient” on the national assessment exam in math (22% compared to 34%), reading (29% compared to 38%), and writing (17% compared to 31%).

Therefore, high school graduation requirements must be more rigorous including four years of English and three years each of social studies, mathematics and science. Additionally, the Council supports a curriculum that includes foreign language.

High School Graduation Requirements Must Include a Nationally Recognized Work-Readiness Certification

In order to graduate an increasing number of students with a work readiness certification, the state will need to put in place a skills assessment mechanism. The mechanism must be one that is applicable to both youth and adults if it is to be meaningful to employers, parents, workers, and students alike. Many states, including Missouri, are using WorkKeys to assess the skills of adults and youth. Other assessment tools used by Missouri include the National Occupational Competency Testing Institute (NOCTI) and the Competency Profiles used by the Department of Elementary and Secondary Education. Indiana, for example, has mounted a \$25 million, five-year statewide WorkKeys saturation plan. The WorkKeys test counts as a federally reportable skills credential.

Over 10,000 students drop out of Missouri high schools each year. Over a four-year period, this equates to 40,000 students who have dropped out. This is more than the total population of many Missouri towns and cities. (MO DESE Core Data - Nov 25, 2002)

Any useful assessment needs to be supported by a relevant 21st Century skills curriculum. There are multiple frameworks for building skills needed for the new economy. The skills they promote include task management, analytical skills and problem solving, team contribution and leadership, customer relations, production and processing, advocacy and influence, and resolving conflict and negotiating. Imagine how useful school high school transcripts would be to employers if they addressed proficiency in “using math to solve problems and communicate” rather than just a geometry grade.

As part of an employability/portability portfolio, high school transcripts can be used as a direct connection between education and business. Businesses should utilize the high school transcript (grades, attendance, extracurricular activities) as an additional measure of employability.

Strategies for Increasing Work-Readiness:

- Use the Missouri Assessment Program (MAP) as a means by which to increase worker readiness. The Missouri Training and Employment Council recommends:
 - ◆ Full funding for the four major areas of MAP statewide.
 - ◆ Adoption of a statewide readiness assessment for all high school and GED graduates.
 - ◆ Establishing a publicity campaign that would deliver strategic messages regarding MAP and WorkKeys (or other skills assessment programs).
 - ◆ Establishing statewide standards for secondary graduation rates.
 - ◆ Linking standards to the A+ Schools Program.
 - ◆ Requiring teachers and professors to do periodic business internships that are consistent with their academic discipline.
 - ◆ Imbedding career options into high school and college course content.
 - ◆ Imbedding core workplace competencies into high school and college course content.
 - ◆ Developing business and education partnerships at the secondary and post-secondary levels.
 - ◆ Eliminating social promotion of students from one grade to the next.
 - ◆ Instituting a standard community college entrance exam for evaluating a student's general education and core competencies.
- Identify cross-sector knowledge and skill requirements for the targeted clusters.
 - ◆ Change how teaching is done; not just what is taught; ensure businesses have the skilled workers they need to grow and prosper.
- Recognize the value of customer service in the growing service economy by including it as a skill in which people should be proficient.
- Make transcripts count:
 - ◆ Make employers aware of the value of high school transcripts (grade point average, attendance and extra-curricular activities) in the employee selection process.
 - ◆ Establish a trained speakers' bureau to talk to freshmen about how critical transcripts will become.
 - ◆ Launch a media campaign aimed at employers who do not ask for transcripts, and to students about the value of education.

All Adults Must Be Engaged in Continuous Learning and Skills Development

To sustain and grow critical industries in the new economy, all workers within the industry – from the entry-level worker to the chief executive – must continuously learn new skills. The world of work is changing too rapidly to allow learning to end at high school or even college. The typical worker will change jobs 10 times in the course of his or her life. Three of these changes will involve major career shifts. Job seekers will have to figure out how to connect their existing skills to the next job, and how to fill the gaps in their knowledge and skill base. Employers will have to learn what skills are available and how to predict and describe what skills they need. The best unemployment insurance is skills and adaptability.

Critical occupations in the candidate clusters for Missouri reflect knowledge, skill sets and levels of those skills that may not have been predictable ten years ago. The chart below outlines the top skill and knowledge requirements for critical occupations in advanced manufacturing, information technology, and life sciences.

Industry	Top Skill Requirements	Top Knowledge Requirements
Advanced Manufacturing	<ul style="list-style-type: none"> ➤ Operation and Analysis ➤ Mathematics ➤ Information Organization ➤ Product Inspection ➤ Operation Monitoring ➤ Testing ➤ Operation and Control ➤ Equipment Maintenance ➤ Troubleshooting ➤ Installation and Repair ➤ Instructing 	<ul style="list-style-type: none"> ➤ Computers and Electronics ➤ Engineering and Technology ➤ Chemistry ➤ Mechanical ➤ Building and Construction ➤ Production and Processing ➤ Design ➤ Radio Frequency Identification ➤ Lean Manufacturing/Business ➤ Six Sigma Quality Control
Information Technology	<ul style="list-style-type: none"> ➤ Operation and Analysis ➤ Mathematics ➤ Information Organization ➤ Reading Comprehension ➤ Troubleshooting ➤ Programming ➤ Instruction ➤ Writing ➤ Implementation Planning 	<ul style="list-style-type: none"> ➤ Computers and Electronics ➤ Mathematics ➤ Engineering and Technology ➤ English Language
Life Sciences	<ul style="list-style-type: none"> ➤ Service Orientation ➤ Speaking ➤ Social Perceptiveness ➤ Active Listening ➤ Writing ➤ Operation and Control ➤ Monitoring ➤ Reading Comprehension 	<ul style="list-style-type: none"> ➤ Medicine and Dentistry ➤ Biology ➤ Customer and Personal Service ➤ Therapy and Counseling ➤ Clerical ➤ English Language ➤ Computers and Electronics

Source: U.S. Department of Labor O*Net™

Strategies for Increasing Continuous Learning and Skills Development in Targeted Clusters:

- Research the key skill and knowledge sets required for critical occupations in targeted clusters and where and how those skills may be learned. Work closely with the employer and incumbent worker communities to validate the research.
- Target training funds toward development of those skills and knowledge sets that are transferable among key occupations and industries (including apprenticeship programs).
- Proactively work with underserved populations to develop skills needed for entry into targeted cluster occupations.
- Provide needed support services such as transportation and child care to enable people to participate in training and work.

Career Education and the Community/Technical College System Must Be Expanded

Career and technical education will be increasingly important to sustain and grow critical industry clusters in the new economy. The Bureau of Labor Statistics estimates that the number of jobs requiring either an associate's or postsecondary vocational credential will grow 24.1 percent in this decade. The transferability of vocational credits from high school to two-year, and from two-year to four-year institutions will also be important. By 2020, it is estimated that there will be 15 million new jobs requiring some level of college preparation.

The table on page 9 shows Missouri's top twenty occupations nationally based on employment, wages, and projected growth reflects the need for higher education. Seven of the top ten are computer-related; computers continue to increase in importance in all occupations. Four of the top twenty occupations require highly specialized skills, but not a four-year degree: electricians, computer support specialists, sheet metal workers, and registered nurses.

Strategies for Expanding Career and Technical Education:

- The U.S. Department of Education has identified sixteen key occupational clusters with required skill standards (www.careerclusters.org). The Missouri State Department of Elementary and Secondary Education is moving towards full implementation of a career clusters strategy. Once finalized, the strategy needs a public awareness campaign and the full support of business, workforce and economic development leaders.
- The Missouri Training and Employment Council has targeted more employer engagement as a critical strategy in improving the education system. A clearly charted path is needed to enable employers to see where and when they fit in with education and work-based learning.
- The Council also identified a need to expand the A+ Schools Program, including consideration of combining or leveraging it with the Advantage Missouri Program. Recommendations for expansion include increasing funding for tuition, requiring all schools to meet A+ Schools Program standards, and combining the program with skills assessment.
- Citizens of every geographic region in Missouri should have access to postsecondary career and technical education.

Critical Occupations Across Industries In Missouri

Top 20 Occupations

Occupation Title	2001 Employment	Rank of 2001 Employment	2001 Annual Wage	Ranking of 2001 Annual Wage	2000-2010 Growth	Ranking of 2000-2010 Growth	Total Ranking	Part-Time QRT	Unemployment QRT	Education & Training Requirements
Computer Software Engineers, Applications	5,830	97	\$66,760.00	27	55.9%	3	127	Very Low	Very Low	Bachelor's degree
Computer Systems Analysts	9,540	60	\$58,420.00	56	31.0%	26	142	Very Low	Very Low	Bachelor's degree
Computer and Information Systems Managers	5,610	102	\$71,950.00	23	33.4%	20	145	Very Low	Very Low	Degree plus work experience
Lawyers	8,200	73	\$94,090.00	11	23.4%	74	158	Low	Very Low	First professional degree
Sales Managers	6,950	83	\$73,390.00	19	24.8%	56	158	Very Low	Low	Degree plus work experience
Computer Software Engineers, Systems Software	2,900	183	\$66,210.00	29	53.0%	6	218	Very Low	Very Low	Bachelor's degree
Electricians	12,280	47	\$46,230.00	135	25.3%	52	234	Very Low	Low	Long-term on-the-job training
Network and Computer Systems Administrators	3,890	150	\$51,300.00	94	58.4%	2	246	Very Low	Very Low	Bachelor's degree
Network Systems and Data Communications Analysts	2,260	220	\$61,570.00	41	50.3%	7	268	Very Low	Very Low	Bachelor's degree
Computer Support Specialists	9,710	58	\$39,840.00	212	73.7%	1	271	Very Low	Very Low	Associate's degree
Pharmacists	4,790	119	\$70,780.00	24	21.3%	130	273	Low	Very Low	First professional degree
Marketing Managers	4,200	139	\$70,710.00	25	20.5%	140	304	Very Low	Low	Degree plus work experience
Medical and Health Services Managers	4,850	116	\$59,280.00	49	20.2%	143	308	Low	Low	Degree plus work experience
Financial Managers	11,080	51	\$65,290.00	30	14.9%	242	323	Very Low	Very Low	Degree plus work experience
Chief Executives	13,460	40	\$98,490.00	9	12.7%	290	339	Low	Very Low	Degree plus work experience
Sheet Metal Workers	4,780	120	\$41,850.00	193	29.2%	32	345	Very Low	High	Moderate-term on-the-job training
Registered Nurses	51,170	5	\$43,350.00	172	18.3%	169	346	High	Very Low	Associate's degree
Database Administrators	1,540	278	\$55,800.00	68	45.7%	8	354	Very Low	Very Low	Bachelor's degree
Securities, Commodities, and Financial Services Sales Agents	5,020	114	\$54,980.00	72	17.9%	179	365	Low	Low	Bachelor's degree
Construction Managers	4,510	126	\$59,550.00	46	17.1%	198	370	Very Low	Very Low	Bachelor's degree

Note: Last three columns are national data from the U. S. Bureau of Labor Statistics

Uniform Articulation and Dual Credit Mechanisms Needed to Improve Pipeline

In 2001, there were over 20,000 degree-seeking and non-degree seeking undergraduate transfer students within Missouri. The number rose to nearly 21,000 the following year. In the fall of 2001, over 3,000 public two-year students transferred to public four-year institutions within Missouri. The high number of transfers points to the need for articulation agreements between various levels of education, including secondary vocational to postsecondary vocational, as well as from apprenticeship and two-year institutions to four-year institutions.

The higher education system must award credits for education and skill-based training. One of the means to do so might be to look at leveraging public and private programs together in order to streamline efforts, reduce redundancy, and reward education and training accomplishments with higher education credits. Reducing the “seat time” required to gain credits and credentials will save both personal and public time, and expenditures for education, increase the number of credentialed workers in the state, and facilitate the movement of labor in the economy by allowing workers to move seamlessly in skill development through work and education along career paths to higher level jobs.

In addition, community and technical colleges must be highly responsive to the short-term and just-in-time training needs of business and industry. Such responsiveness will assist both the business and the individuals being trained.

Strategies for Improving the Worker Pipeline:

- Continue to formalize and finalize uniform statewide articulation agreements between all public secondary to postsecondary institutions, and among all public postsecondary institutions. Specific attention should be given to community-based organizations and organized labor.
- Develop a mechanism for assessing knowledge and skills learned in the workplace and translating those skills into postsecondary credit. Start the process with the key occupations in targeted cluster industries.
- Change the mindset in the postsecondary community from organizing education around seat time, credit hours, and letter grades, to an organizational model based on defined skill acquisition and demonstrations of proficiency.
- Expand the Missouri Mathematics Academy into additional school districts and businesses.
- Evaluate the New Career Education Teacher Mentoring Program for effectiveness and expansion.
- Support the development of the Counselor Academy, which is being designed to assist school counselors in helping students develop their career goals and plan of study.

Comprehensive Public Awareness Campaign Must be Deployed

A public awareness campaign is needed to raise Missourians’ aspirations and expectations for education and training and their relation to economic survival and growth. States are where they are in terms of education, literacy, lifelong learning, and economic conditions because of individual and organizational behaviors. Those behaviors are shaped by perceptions of what is important and has value. The only way behaviors will change is if perceptions are changed.

Strategies for a Successful Public Awareness Campaign:

- Identify a strategic theme that resonates with the public.
- Coordinate and integrate the recommendations in this report with existing initiatives and build on existing energy.
- Sweep people in by creating an environment of inclusion and creating a coalition strong enough to support and guide the actions.
- Build an infrastructure for action by recognizing that time and attention are scarce resources, and determining what needs to be given the most attention.
- Identify the roles that various stakeholder groups must play in changing perceptions and bringing about action. Gain the commitment of the stakeholder groups through local compacts.

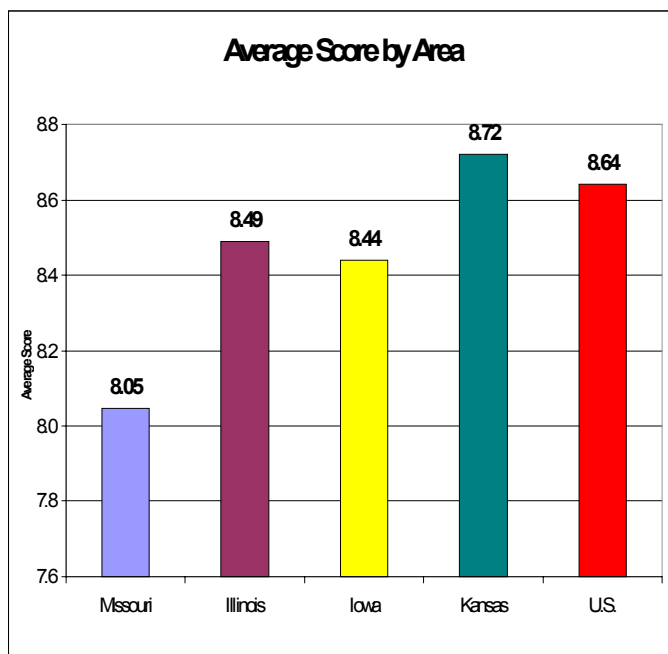
State Agencies Must Work with Local Workforce Investment Boards

While state industry cluster targets are important, Missouri is made up of many unique local economies. Understanding the driving forces within each of those economies is critical if the individual labor markets are to be competitive, and thus whether the state is competitive. Understanding key industries and occupations and associated knowledge and skill characteristics takes careful and thoughtful analysis using a variety of tools. One such tool can be a supply/demand gap analysis.

The most common method of defining the gap is by comparing higher education and vocational education programs and program enrollments with the forecasted growth of related occupations. While that works well for specific programs and occupations such as nursing, it works less well for general education preparation, such as “college prep” at the secondary level and liberal arts degrees at the postsecondary. Individuals with those credentials cannot be easily aligned with where they eventually land in the world of work, nor does this process account for how skills are acquired in the workplace and how occupations change over time.

Illinois recently released funds for Critical Skills Shortages planning grants to a consortia of local workforce investment boards. The state was divided into 10 economic development regions, which incorporate all or parts of the 26 workforce investment areas. Boards in the regions must plan together and involve the broader community and stakeholders to research and agree on target industry sectors and critical occupations within those sectors for their economy. A second round of funds will be provided to allow the regions to invest in training to fill identified skill shortages.

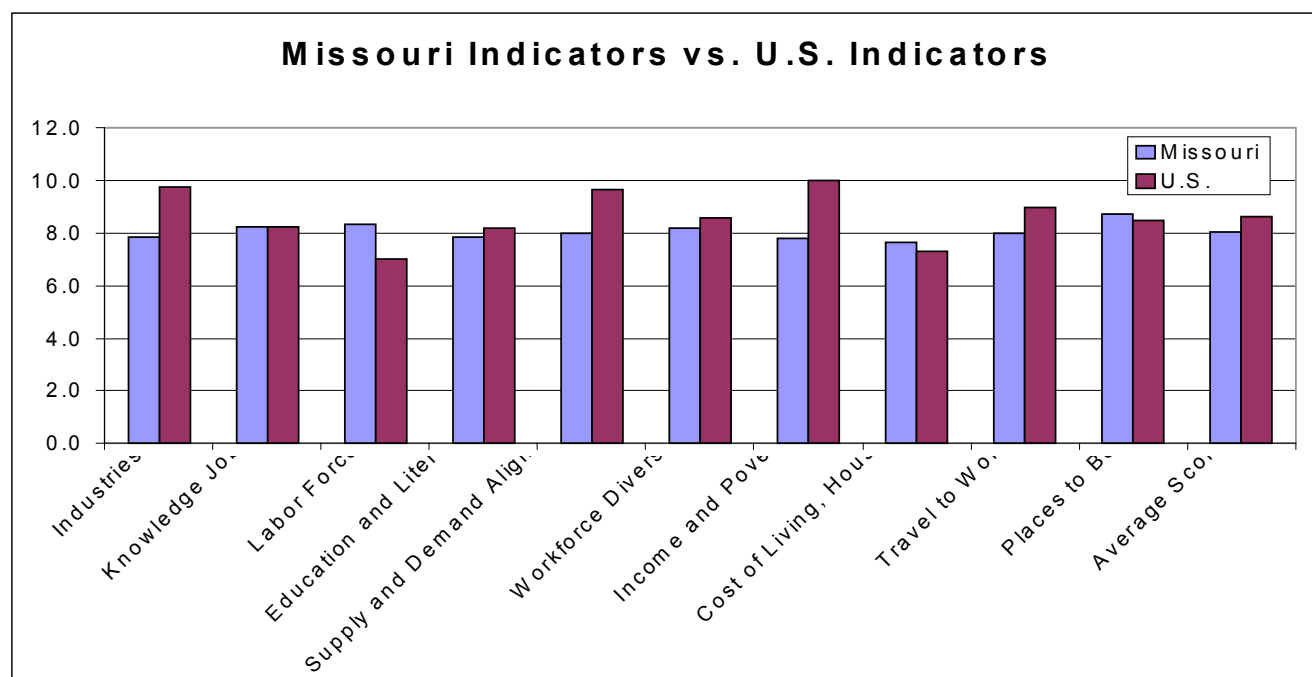
Given the complexities of identifying supply/demand gaps on this broader scale, it is important that each local economy facilitate an iterative process that includes labor market analysts, educators, economic developers, training institutions, and business in active dialogue about skill needs and skill gaps and how to fill them.



An emerging tool for understanding state and local economies in terms of their competitive workforce advantages and disadvantages is a set of 10 key indicators (supported by over 40 different data sets) that allows comparison of any area with its choice of comparison states, regions, counties, or municipalities. Application of the tool results in scores that allow for direct comparison, although it should be cautioned that the scores are only valid for comparing the areas under study; a score cannot be transferred to a comparison of a different set of areas that may include one or more of the original areas.

Corporation for a Skilled Workforce, which developed the Comparative Workforce Indicators®, used the tool to compare Missouri to Illinois, Iowa, Kansas, and the United States. As shown in the graphics above, Missouri seriously lags behind its neighbors.

Comparative Workforce Indicators® are one way to tell a story across a variety of areas to identify strengths and weaknesses. Another way of telling the story of a region is through intelligence about how the public worker preparation system is doing in influencing the factors that lead to rankings on the indicators. This measurement takes the form of a balanced scorecard of indicators



that guide tactical decisions and time and resource investments. The scorecard is useful in getting away from individual program measures and focusing instead on the collective results produced by the system working together. This requires the involvement and commitment of all state agencies that oversee any part of the local workforce preparation system, to align their priorities and direct their resources on a regional basis to support the key industries and occupations that drive the local economies.

State agencies can also work with local boards on assessing their One-Stop systems against the industry leaders. A benchmarking study conducted by Corporation for a Skilled Workforce in partnership with Leaders in Excellence outlines the characteristics shared by the most progressive One-Stop centers in the country. A new assessment tool that incorporates policy considerations and updated One-Stop critical success factors from the benchmarking report will be released in the near future. The critical success factor indicators include: making employer services a priority; becoming knowledgeable about key industries; establishing one-on-one relationships with employers; and viewing other public intermediaries as partners, not competitors. A focus on performance-based outcomes will enhance productivity. One-Stop systems that incorporate such factors into their operations are more likely to help Missouri increase its competitive position.

Strategies for State Agencies and Workforce Boards Working Together:

- Provide resources for supply/demand gap studies at the local labor market level.
- Align state agency investment priorities with the identified critical skill gaps.
- Collaboratively design and implement a balanced scorecard approach to measuring success of the one-stop system. Identify measures that focus on how well the target industries and critical skills are addressed.
- Assess One-Stop centers against the critical success factors identified through benchmarking and develop business plans at the center-level to move One-Stops toward the characteristics of the industry leaders.

Develop Regional State of the Workforce Reports to Guide Resource Allocation

The Missouri Economic Research and Information Center (MERIC) has launched “Target Missouri II” (TM2). TM2 is a MERIC-inspired initiative to both revive and revamp the idea of targeting industry clusters. The new system will take account of sub-economies within the state, because of the belief that different industries affect regions differently. MERIC will evaluate the current industry mix within a region, identify which industries generate the greatest economic impact, look at site selection criteria, gauge a region’s capacity to attract certain industries, and assist them in developing short-term and longer-term economic development strategies. Coupled with potential supply and demand gap analyses discussed previously, local areas should develop state of the workforce reports. These reports should be driven and informed by data, but should ultimately factor in the anecdotal direction of the region and work to date, such as efforts already underway to foster new relationships with local education and training providers.

Assisting At Risk Missourians Achieve a Better Standard of Living: Aiming Toward Self-Sufficiency

Missouri is not unlike any other state in that it has pockets of prosperity as well as pockets of poverty, and areas of strong communities and economically weaker communities. Within the weaker communities, it is important that everyone has an opportunity to attach to the labor market. Over 35 percent of Missouri's working age population is not working and not actively seeking work. The state must proactively work with traditionally underserved populations so that everyone has access to education and skill development opportunities as well as quality jobs.

Missouri's workforce development system should strive to increase the labor force participation of those persons traditionally underserved by Missouri's labor market; specifically persons of low-income: women, ex-offenders, at-risk youth, young minority males, and persons with disabilities. Missouri must initiate a greater interagency effort to link separate programs into a continuum of integrated services, supported by mentoring and individual-based support services, to enable clients to participate in skills-based training and/or employment retention programs. This includes such support services as: food; housing; child care; transportation; emergency cash assistance; job coaching; job shadowing; health care (including mental health); substance abuse education; domestic violence intervention; life skills in vocational and job training, higher education, and GED certification; as well as work readiness certification. This could be achieved by collaboration, integration and reallocation of funding as necessary. At least preserving current funding levels for the existing efforts providing these services is recommended while developing more innovative integrated delivery among all agency programs.

Conclusion: Summary of Recommendations

- 1) Missourians must recognize, embrace, and initiate change and innovation.
- 2) Percentage of citizens who are highly literate (reading, comprehension and math skills at the 11th grade level or above) must increase significantly
- 3) High school graduation requirements must be more rigorous including four years of English and three years each of social studies, mathematics and science. This initiative must be linked with a more proactive policy to strengthen teacher preparedness.
- 4) High School graduation requirements must include a nationally recognized work-readiness certification.
- 5) All adults must be engaged in continuous learning (skills development).
- 6) Career education and the community/technical college system must be expanded and curricula targeted to the just-in-time skill standards, certifications, or licensing requirements of business and industry.
- 7) Uniform articulation and dual credit mechanisms must be established between and among secondary schools, community college, and university levels to provide degree credit for skill-based education and training.

- 8) A comprehensive public awareness initiative must be deployed to raise Missourian's aspirations and expectations for education and training, and their relation to their personal economic prosperity and growth.
- 9) State agencies must work with Local Workforce Investment Boards to conduct regional supply/demand gap analyses to identify the needs of business and industry and identify targeted industries/occupations for each region of the state.
- 10) In collaboration with other organizations, Local Workforce Investment Boards must develop regional State of the Workforce Reports based, in part, on data from the supply/demand gap analyses. These reports must guide policy and operational decision-making, as well as resource allocation.
- 11) Missouri's workforce development system should strive to increase the labor force participation of those persons traditionally underserved by Missouri's labor market; specifically persons of low-income, women, ex-offenders, at-risk youth, young minority males, and persons with disabilities. Missouri must initiate an interagency effort to integrate programs into a continuum of services, including mentoring, to support participation in skills-based training and/or employment retention programs.

AGENDA ITEM SUMMARY

AGENDA ITEM

Update on State Fair Community College's Programming Commitments in Jefferson City
Coordinating Board for Higher Education
April 8, 2004

DESCRIPTION

Concerns surrounding State Fair Community College's (SFCC) program commitments in Jefferson City continue to be a focus of attention by students, parents, legislators, educational policymakers, and the media. The intent of this board item is to provide an update on the status of future programming commitments by SFCC for delivery in Jefferson City.

Background

The following programs are offered by SFCC in Jefferson City:

- Computer Information Systems Accounting, AAS
- Computer Information Systems Networking, AAS
- Computer Information Systems Programming, AAS
- Computer Information Systems Web Development, AAS
- Industrial Electronics/Electricity Technology, One-year certificate and AAS
- Industrial Maintenance Technology, One-year certificate and AAS

State Fair's outreach site in Jefferson City is in a leased facility. Course assignments for this site are designed in collaboration with Lincoln University (LU), which as the local provider in Jefferson City is given the right of first refusal to teach courses that duplicate offerings on the LU campus. SFCC and LU have signed periodic agreements outlining the financial arrangements associated with the working relationship between these two institutions. Requests for course approval are submitted to DHE for approval on a semester-by-semester basis.

The current agreement between LU and SFCC is effective through the summer session of 2004. For the past several months, SFCC has been analyzing its commitments in Jefferson City based on concerns about the financial viability of operating this site and the extensive negotiating time required to administer the programs. On February 25, 2004, President Marsha Drennon shared in formal communication with Commissioner Wilson a vision for Jefferson City involving a postsecondary educational partnership or center with participation by multiple institutions each with specific responsibilities for meeting local needs. Data suggest a significant out migration of prospective students in the Jefferson City area that could be met more directly by expanding offerings, especially in general education. Dr. Drennon also referenced the difficulty of administering a financially viable program in Jefferson City unless SFCC receives permission to

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expand its offerings. One option that was mentioned includes the development of an AA degree in Jefferson City. This type of expansion is particularly attractive to graduates of A+ high schools.

The challenges associated with State Fair expanding its general education offerings in Jefferson City, however, are particularly great based on the open enrollment missions of both LU and SFCC. The ability of SFCC to respond to the demand for expanded services in Jefferson City is further complicated since Jefferson City is outside the SFCC taxing district. The residents of Jefferson City do not pay taxes to assure receipt of full community college services.

The current policy framework developed by presidents and chancellors and adopted by the CBHE sets parameters and expectations for program expansion at outreach sites. As the local provider, LU is the primary provider of lower-division coursework offered by any public institution in Cole County. State policy does provide the potential for other public institutions to offer coursework in Jefferson City when there is an unmet need. In addition, conflict resolution steps are outlined when there are disagreements between two or more institutions in designing delivery systems for particular communities.

Local communities, including Jefferson City, in need of expanded access are encouraged through “Hop-Over” legislation to join a community college taxing district or to establish their own community college when the criteria for doing so is met.

Future Considerations

Several legislators, students, State Fair employees who work at the Jefferson City outreach site, and interested citizens have raised questions and concerns about the potential phase out of State Fair’s Jefferson City programs. The attached fact sheet has been sent to all parties that contact the DHE about the status of State Fair’s commitments. In addition, DHE staff has held several meetings, including a meeting with Senator Vogel, Representative Deeken, and members of the Jefferson City Chamber of Commerce, to help clarify the current situation and to provide suggestions about future options. At their request, DHE staff will meet in early April with Senator Maida Coleman, Senator Rita Days, and LU President David Henson.

Originally, SFCC anticipated that its board would make a decision about whether to continue its current level of commitment to program offerings in Jefferson City at its regularly scheduled board meeting on March 29, 2004. The agenda item, however, was removed as an action item thereby delaying the decision in order for the SFCC board to have more time to study the situation in greater depth. At the same time, SFCC is cognizant of the fact that it must make a decision soon so that students and faculty alike understand their options.

DHE staff has scheduled a meeting with the presidents of LU, SFCC, and Linn State Technical College to explore collaborative alternatives that will assure protection to current certificate and degree-seeking students as well as consider collaborative opportunities for meeting the needs of prospective students.

Several ideas have been identified for further examination including:

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- Greater involvement of local businesses in helping to underwrite the cost of technical programming in Jefferson City
- Expansion of contract training provided to area businesses
- Opportunities for offering a reduced set of credit courses and/or certificate and degree programs without the financial burden of a site

Conclusions

The career pathways associated with SFCC programs in Jefferson City center around computer-related and industrial technology-related work. Most, if not all, of the educational training required for entry into these fields is available through programming offered in Jefferson City by LU, William Woods, and Columbia College and 25 miles away in Linn, MO offered by Linn State Technical College. By utilizing RTEC funding in support of programming in Jefferson City, SFCC has raised expectations for access to lower-division coursework, certificates, and associate degree programs offered in a single location at convenient times and at community college prices.

The decision of whether or not SFCC will continue service in Jefferson City at its outreach site is a management decision of the college. A commitment to study the situation in greater detail provides an opportunity for local providers, citizens, and businesses to seek creative solutions. In addressing the needs of prospective students, the financial challenges faced by SFCC associated with programming in Jefferson City must be addressed. Whatever decision evolves, students currently enrolled in programs should be provided protection so that they will be able to complete those programs as planned. Programming in Jefferson City should involve collaborative efforts by all potential providers as well as responsibility by local area residents and businesses for providing financial support for service.

STATUTORY REFERENCE

Sections 173.005.2(1), 173.005.2(7), and 173.030, RSMo, CBHE new academic program approval

Section 173.020(2), RSMo, Identifying state higher education needs related to students and labor force

Section 173.020(3), RSMo, Developing missions and coordination of resource use

Section 173.030(2), RSMo, Recommending program, facility, and policy changes to institutional boards

Section 173.030(4), RSMo, Funding of off-campus instruction

Section 178.637.2, RSMo, Master plan for advanced technical and vocational training

Section 178.890 RSMo, Funding for external sites

Sections 178.892-178.896, RSMo, and 178.896, RSMo, Establishes Missouri's Community College Job Training Fund

Administrative Rule 6 CSR 10-6.020, adopted in September 1987, Standards for establishing residence centers

Administrative Rule 6 CSR 10-6.030, Funding of off-campus and out-of-district instructional sites

RECOMMENDED ACTION

This is an information item only.

ATTACHMENT

Information Concerning State Fair Programming in Jefferson City

Information Concerning State Fair Programming in Jefferson City

Authorized State Fair Programs in Jefferson City

In the mid 1990s Missouri community colleges were encouraged to expand delivery of technical education programs in communities outside community college taxing districts. Through this program, State Fair Community College was authorized by the Coordinating Board for Higher Education to offer a limited set of certificate and technical degree programs in Jefferson City. Specific programs include:

- Computer Information Systems, Accounting, AAS
- Computer Information Systems, Networking, AAS
- Computer Information Systems, Programming, AAS
- Industrial Electronics/Electricity Technology, One-year Certificate and AAS
- Industrial Maintenance Technology, One-year Certificate and AAS

Collaboration

In an effort to increase effectiveness, efficiency, and quality, state policies identify an expectation that public institutions planning to provide local service at a distance will work collaboratively with existing local partners by building on currently available general education and occupation-related coursework and by utilizing the human resources and facilities of local providers, including Area Vocational Technical Schools.

State Fair Community College Taxing District

State Fair Community College, which is located in Sedalia, Missouri, has a taxing district that includes the school districts of Benton and Pettis Counties, and the R-6 School District of Cooper County. The citizens in these communities pay local taxes to receive a full complement of community college services, including credit courses in support of certificate, associate of arts, and associate of applied science degree programs. The taxes paid by the citizens of State Fair's taxing district are used to support cost-effective community college education delivered in the taxing district.

Interest in Expanding Community College Services

In addition to technical programming, local citizens have expressed interest in having expanded general education options at community college prices. Communities with A+ high schools are particularly interested in having a local postsecondary option for A+ high school graduates. The State Fair Community College outreach site in Jefferson City, however, is not a branch campus of the community college. The citizens of Jefferson City are not part of a community college taxing district; State Fair's major responsibility is to meet the needs of the citizens in its taxing district. While State Fair Community College also has a commitment to provide service to the residents of its

voluntary service region, which includes Jefferson City, the cost of these services is a major factor in determining the feasibility of maintaining its current level of programming.

Financial Support for External Sites

External sites are expected to be self-supporting; limited funding from the state is permitted in cases of demonstrated need. RTEC funds were appropriated by the General Assembly in support of an expanded technical degree delivery system. Community Colleges received RTEC funding to support identification of regional needs and regional planning for implementing cooperative delivery systems to meet those needs. Institutions are expected to make administrative decisions on a regular basis concerning the utilization of RTEC funds to support these objectives.

Access to Community College Services

Local communities in need of expanded access to the 13th and 14th years are encouraged, through “Hop-Over” legislation, to join a community college taxing district or to establish their own community college when criteria for doing so can be met.

State Fair/Lincoln Relationship

Programming for Jefferson City is done in collaboration between State Fair Community College and Lincoln University. As the local provider, Lincoln University is given the right of first refusal to teach general education courses as part of State Fair’s offerings.

State Fair’s Continued Presence in Jefferson City

To date, no formal decision has been made concerning future programming commitments of State Fair Community College in Jefferson City. The president of State Fair Community College, Marsha Drennon, has informed the Coordinating Board for Higher Education that the institution is giving serious consideration to phasing out its programming commitments as a result of fiscal constraints associated with operating these programs. The college is looking at several alternatives including its commitment to contract training, the potential of sharing facilities, and the extent to which it can offer specialized credit bearing coursework and degree programs.

Protection to Currently Enrolled Students

Both State Fair Community College and Lincoln University have indicated a commitment to provide reasonable accommodations to currently enrolled students should State Fair Community College decide to phase out its Jefferson City operation.

Alternative Options for Prospective Students

Certificate and associate degree programs offered by State Fair Community College in Jefferson City lead to careers in computer fields or in industrial technologies. Although differences in price structure, times offered, and the amount of breadth and depth covered in the curriculum do exist, prospective students have access to courses and programs offered by Lincoln University and/or Linn State Technical College that provide training for entry-level jobs in similar careers. In most situations, workers in any of these career paths require on-going additional training while on the job. State Fair's training, specifically on the State's mainframe for programmers prepared to enter state-level jobs, is a unique feature of the State Fair programming that is not offered by any other institution. Should a new community college taxing district be formed involving Camdenton R-III and School of the Osage R-II, it is likely that additional options in these career paths would become available for mid Missouri residents.

INFORMATION ITEMS

Tab

- 1 Distribution of Community College Funds
- 2 Proprietary School Certification Actions and Reviews
- 3 Academic Program Actions
- 4 Missouri High School Graduates Performance Report
Outstanding Schools Act—Senate Bill 380

AGENDA ITEM SUMMARY

AGENDA ITEM

Distribution of Community College Funds
Coordinating Board for Higher Education
April 8, 2004

DESCRIPTION

The process for making state aid payments to the community colleges in FY 2004 will be made monthly. All FY 2004 state aid appropriations are subject to a 3 percent governor's reserve. State aid withholdings of \$2,948,740 in general revenue funds and \$563,225 in lottery funds took effect July 2, 2003. In December, \$1,252,402 in general revenue withholdings were released. In February, \$563,225 in lottery fund withholdings were released.

The payment schedule for March through April 2004 state aid distributions is summarized below. Maintenance and Repair disbursements have been made through March.

State Aid (excluding M&R) – GR portion	\$ 12,941,900
State Aid – lottery portion	805,682
Workforce Preparation – GR portion	2,357,106
Workforce Preparation – lottery portion	215,396
Out-of-District Programs	185,668
Technical Education	3,228,426
Workforce Preparation for TANF Recipients	259,572
Maintenance and Repair	<u>1,592,336</u>
TOTAL	\$ 21,586,086

In addition, a payment for capital appropriations, pursuant to House Bill 20 (previously House Bill 16), was made in the amount of \$232,559 to St. Louis Community College.

The total distribution of state higher education funds to community colleges during this period is \$21,818,645.

STATUTORY REFERENCE

Section 163.191, RSMo

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April 8, 2004

RECOMMENDED ACTION

This is an information item only.

ATTACHMENT(S)

None

AGENDA ITEM SUMMARY

AGENDA ITEM

Proprietary School Certification Actions and Reviews
Coordinating Board for Higher Education
April 8, 2004

DESCRIPTION

All program actions that have occurred since the February 19, 2004 Coordinating Board meeting are reported in this information item. In addition, the report includes information concerning anticipated actions on applications to establish new postsecondary education institutions and exemptions from the department's certification requirements.

STATUTORY REFERENCE

Sections 173.600 through 173.618, RSMo, Regulation of Proprietary Schools

RECOMMENDED ACTION

This is an information item only.

ATTACHMENT

Proprietary School Certification Program Actions and Reviews

Coordinating Board for Higher Education

Proprietary School Certification Program Actions and Reviews

Certificates of Approval Issued (Authorization for Instructional Delivery)

Professional Fitness Institute
Independence, Missouri

This certificate of approval authorizes a Missouri location of a for-profit school with existing locations in Kansas and Nevada. It also shares a common ownership with Pinnacle Career Institute, which operates several proprietary schools in the Midwest. The school's mission is to "provide the highest quality education and services to prepare our students for careers in wellness and fitness-related employment. The school currently offers one certificate level program in professional training. The school has submitted a professional massage therapy program for review. The school is not accredited.

Wichita Technical Institute (WTI)-Joplin Campus
Joplin, Missouri

This certificate of approval authorizes a Missouri instructional location for an existing for-profit vocational school that currently has locations in Wichita and Topeka, Kansas. The school is accredited by the Accrediting Commission for Career Schools and College of Technology (ACCSCCT). The Missouri branch will offer one twelve month nondegree program in Electronics Technology. The primary mission of the institution is to "enable students to become employable in an entry-level job in their field upon graduation."

Certificates of Approval Issued (Authorization Only to Recruit Students in Missouri)

None

Applications Pending Approval (Authorization for Instructional Delivery)

Dent Devil Training Institute
Ellisville, Missouri

This private for-profit school proposes to offer two nondegree instructional programs relating to a specific technique for automotive body repair. The school states its mission is "training you in providing customers with service and craftsmanship that exceeds the standard every time all the time." The school is not accredited.

International Institute of Metro St. Louis
St. Louis, Missouri

The St. Louis branch of the International Institute is a non-profit corporation that serves as the central facility for services as well as information and referral activities involving St. Louis' foreign-born populations. This proposal is for the institute to establish a nondegree instructional program "to educate and train the inexperienced person to the role of Patient Care Assistant (PCA) in modern medical facilities in the United States." The school is not accredited.

Midwest Missouri University
St. Louis, Missouri

This proposed institution, operated as a private, non-profit corporation, has submitted an application to establish its administrative offices in the state of Missouri. The proposal currently includes a single instructional program, a Master of Business Administration (MBA). The program is designed to address the needs of students from southern and southeastern Asia for advanced business education. All coursework would be delivered using a blended system of classroom instruction, distance education and independent study. All classroom instructional components would be delivered at sites geographically convenient to clusters of enrolled students. The school is not accredited.

Mother's Way Career Counseling
St. Louis, Missouri

This for-profit private corporation has functioned as a component of the "Welfare to Work" program in the St. Louis area since 1998, offering employment and career counseling services. The current application serves to reactivate a dormant application originally submitted in 2001. This application proposes to expand the organization's services by offering nondegree skill training programs in customer and hospitality service and automated office systems. The school is not accredited.

The Court Reporting Academy
Smithville, Missouri

This single proprietor school proposes to offer two nondegree instructional programs in court reporting. The stated objective of the school and its programs "is to prepare the student for the Missouri Certified Court Reporters Examination testing." All court reporters who desire to work in the state of Missouri are required to pass this two-day test in order to gain occupational certification. The school is not accredited.

University of Phoenix
Springfield, Missouri

This for-profit regionally accredited (North Central Association) higher education institution already operates campuses in the St. Louis and Kansas City areas. This application proposes to establish a similar instructional site in Springfield for purposes of offering degree-level programs (Bachelor's and Master's) within that metropolitan area. As with all resident programs offered

by the university, admission is generally restricted to working adults. Program areas will include business, health care, criminal justice, and computer information systems.

Update on Previously Reported Pending Applications

John Thomas College of Naturopathic Medicine
St. Charles, Missouri

This is a proposal to establish a new for-profit institution of higher education in order to provide naturopathic medical education programs. The proposal includes one first professional degree program, a Doctor of Naturopathic Medicine (NMD) degree, and a Pharmacology elective track. Enrollment in the proposed school would be limited to persons with “a professional health care degree and license-eligible or statutorily licensed to diagnose and treat the human body.” Coursework would be delivered through classroom work (in a Friday evening through Sunday format), through distance education methods, and through supervised research. This school is not accredited.

Initial report to CBHE: June 2003

Current status: Staff continues to work with the officials of the proposed John Thomas College of Naturopathic Medicine. School officials submitted a response to the external review team report, which department staff determined did not satisfy all remaining concerns. The school officials have been notified of the remaining deficiencies, and staff is working with them to resolve these items. In order to bring this issue to closure, the department has established a deadline for final action of August 1, 2004.

Exemptions Granted

Employment Connections
St. Louis, Missouri

This non-profit corporation was created to help men and women address their personal barriers to employment. The organization’s mission is to assist individuals with limited opportunities, including ex-offenders, former substance abusers, and persons receiving government assistance, to self-sufficiency through employment. Among the services provided is job readiness training. Exemption was granted as “a school which offers instruction only in subject areas which are primarily for avocational or recreational purposes as distinct from courses to teach employable, marketable knowledge or skills, which does not advertise occupational objectives and which does not grant degrees.”

The Centr  Conservatory of Ministering Arts and Bible College
Florissant, Missouri

This non-profit school is controlled and operated by the Church Alive religious organization “for the purpose of training students to be in the service of Ministry.” The school offers associate and bachelor level degree programs and

claims it is a charter school of the Shalom Bible College and Seminary of Des Moines, Iowa. Exemption was granted as “a not for profit school owned, controlled and operated by a bona fide religious or denominational organization which offers no programs or degrees and grants no degrees or certificates other than those specifically designated as theological, bible, divinity or other religious designation.”

Schools Closed

None

AGENDA ITEM SUMMARY

AGENDA ITEM

Academic Program Actions
Coordinating Board for Higher Education
April 8, 2004

DESCRIPTION

All program actions that have occurred since the February 19, 2004 Coordinating Board meeting are reported in this information item.

STATUTORY REFERENCE

Sections 173.005.2(1), 173.005.2(7), 173.030(1), and 173.030(2), RSMo, Statutory requirements regarding CBHE approval of new degree programs

RECOMMENDED ACTION

This is an information item only.

ATTACHMENT

Academic Program Actions

ACADEMIC PROGRAM ACTIONS

I. Programs Discontinued

Linn State Technical College

AAS, Electrical Technology

II. Programs Placed on Inactive Status

North Central Missouri College

AAS, Environmental Technology (Inactive)

AAS, Construction Technology (Inactive)

C1, Construction Technology (Inactive)

III. New Programs Not Approved

No actions of this type have been taken since the last board meeting.

IV. Approved Changes in Academic Programs

Linn State Technical College

1. Current Program:

AAS, Telecommunications Engineering Technology

C1, Telecommunications Engineering Technology

Approved Change: Title change

Program as Changed:

AAS, Telecommunications Technology

C1, Telecommunications Technology

2. Current Program:

AAS, Industrial Electricity with options in
Construction

Control

C1, Industrial Electricity with option in
Industrial Wiring

Approved Changes: Title changes; add option

Program as Changed:

AAS, Industrial Electricity with options in
Construction

Programmable Logic Controllers

Electronic Controls

C1, Industrial Electricity with option in
Electromechanical

Missouri Western State College

1. Current Program:
BS/BA, Economics

Approved Change: Title change

Program as Changed:
BS, Economics

2. Current Program:
BS, Natural Science – Chemistry with options in
Pre-professional
Chemical Business
Education
Forensic Science

Approved Change: Title Change

Program as Changed:
BS, Natural Science – Chemistry with options in
Health Professions
Chemical Business
Education
Forensic Science

3. Current Program:
BS, Recreation Administration with options in
Adventure Travel/Tourism
Community/Youth Sports/Athletics
Recreation, General
Sports Management

Approved Changes: Title changes; delete options

Program as Changed:
BS, Recreation Sport Management with options in
Recreation Management

Southeast Missouri State University

Current Program:
MBA, Business Administration with options in
Accounting
Environmental Management
General Management
International Business

Approved Change: Add options

Program as Changed:

MBA, Business Administration with options in
Accounting
Environmental Management
General Management
International Business
Finance
Industrial Management

State Fair Community College

1. Current Programs:

AAS, Computer Information Systems - Networking
AAS, Computer Information Systems – Programming with an option in
Microcomputer Specialization

Approved Changes: Combination program created out of closely allied existing
programs

Program as Changed:

AAS, Networking with an option in
PC Technician

2. Current Programs:

AAS, Industrial Maintenance Technology
AAS, Industrial Electronics Technology
AAS, Mid-Management with options in
Business Management
Industrial Management

Approved Changes: Combination program created out of closely allied existing
programs

Programs as Changed:

AAS, Industrial Technology with options in
Industrial Maintenance
Industrial Electricity
Industrial Supervision

University of Missouri – Columbia

1. Current Program:

BS, Agricultural Economics

Approved Change: Add option

Program as Changed:

BS, Agricultural Economics with an option in
Financial Planning

2. Current Program:
BS, General Agriculture

Approved Changes: Add option

Program as Changed:
BS, General Agriculture with an option in
Sustainable Agriculture
3. Current Program:
BES, Educational Studies with options in
Curriculum and Instruction
Interdepartmental
Practical Arts and Vocational Technical Education

Approved Change: Place two options on Inactive status

Program as Changed:
BES, Educational Studies with options in
Interdepartmental
Curriculum and Instruction (Inactive)
Practical Arts and Vocational Technical Education (Inactive)
4. Current Program:
BSED, Elementary Education with options in
Elementary Education
Elementary School Art
Elementary School Music

Approved Change: Place two options on Inactive status

Program as Changed:
BSED, Elementary Education with options in
Elementary Education
Elementary School Art (Inactive)
Elementary School Music (Inactive)
5. Current Program:
BSED, Secondary Education with options in
Art Education
Behavioral Science
Biology
Business and Marketing Education
Chemistry
Earth Science
General Science
Language Arts

Mathematics Education
Music Education
Physics
Social Studies
Technical Education

Approved Change: Place two options on Inactive status

Program as Changed:

BSED, Secondary Education with options in
Art Education
Biology
Business and Marketing Education
Chemistry
Earth Science
General Science
Language Arts
Mathematics Education
Music Education
Physics
Social Studies
Behavioral Science (Inactive)
Technical Education (Inactive)

6. Current Program:

MS, Consumer and Family Economics

Approved Change: Addition of a graduate certificate

Program as Changed:

MS, Consumer and Family Economics
GRCT, Personal Financial Planning

University of Missouri – Kansas City

Current Program:

MS, Urban Environmental Geology

Approved Change: Title change

Program as Changed:

MS, Environmental and Urban Geosciences

University of Missouri – Rolla

1. Current Program:

BS, Petroleum Engineering

Approved Change: Add options

Program as Changed:

BS, Petroleum Engineering with options in
Reservoir Characterization
Energy Industry Management
Information Technology

2. Current Program:

MS, Information Science and Technology

Approved Change: Add graduate certificate

Program as Changed:

MS, Information Science and Technology
GRCT, Human Computer Interaction

University of Missouri – St. Louis

Current Program:

PhD, Education

Approved Change: Add graduate certificate

Program as Changed:

PhD, Education
GRCT, Program Evaluation and Assessment

V. Received and Reviewed Changes in Programs (Independent Colleges and Universities)

Westminster College

1. Current Program:

BA Business Administration with options in:
Entrepreneurial Studies
Three other options

Approved Change: Option Title Change

Program as Changed:

BA, Business Administration with options in:
Entrepreneurship
Three other options

2. Current Program:

BA, English with options in:
Journal
Two other options

Approved Change: Option Title Change

Program as Changed:

BA, English with options in:
Professional Writing
Two other options

3. Current Program:

BA, Psychology with options in:
Clinical/Counseling
Industrial Organizational

Approved Change: Options deleted

Program as Changed:

BA, Psychology

VI. Program Changes Requested and Not Approved

No actions of this type have been taken since the last board meeting.

VII. Programs Withdrawn

No actions of this type have been taken since the last board meeting.

VIII. New Programs Approved

East Central College

AA, General Studies

AS, Pre-Engineering

(These programs will be offered at the Rolla Technical Center in Rolla, MO)

Missouri Southern State University – Joplin

BS, Health Science, with four options

(Contingent upon MSSU-J designing a plan for phase out for its associate degrees, including a stop date for entrance into its associate degrees, seeking articulation agreements with community colleges for the health sciences areas, and completing the phase out of its associate degrees by 2008)

BS, Biochemistry

(Based on its goal of preparing students for graduate studies, MSSU-J is encouraged to formalizing as part of its degree requirements the practice of having undergraduates participate in research projects)

BS, Political Science

Northwest Missouri State University

MS, Recreation

(Based on setting lower admission standards to increase access to the program, Northwest is encouraged to set appropriate exit standards to assure quality of program graduates)

State Fair Community College

AAS, Fire Science Technology

(Three-year interim approval to satisfy regional needs; reevaluation should consider if a new community college taxing district in Lake of the Ozarks area is established)

Truman State University

BA/BS, Interdisciplinary Studies

IX. New Programs Received and Reviewed (Independent Colleges and Universities)

Lindenwood University

BA, American Studies

AGENDA ITEM SUMMARY

AGENDA ITEM

Missouri High School Graduates Performance Report:
Outstanding Schools Act – Senate Bill 380
Coordinating Board for Higher Education
April 8, 2004

DESCRIPTION

The purpose of this information item is to inform the board about compliance with Section 173.750, RSMo., which requires that the Coordinating Board for Higher Education prepare for the State Board of Education an annual report on the performance of Missouri high school graduates in the state's system of public higher education.

Background

The High School Graduates Report is prepared by the Department of Higher Education as a strategic resource for linking high school performance to college success. For colleges and universities, the report provides data helping to identify high school graduates who meet the institution's admission requirements. For high schools, the report can be used as a guidance and counseling tool to assess how well the graduates are prepared for the college of their choice. Hopefully, the statistics provided in this report will help promote more informed collaborations between high schools and postsecondary institutions.

History

In 1993, Governor Carnahan signed the Missouri Outstanding Schools Act (attached), which directs that the information in this annual report on Missouri high school graduates' college performance be arranged by school, disaggregated by race and gender, and that no grade point average be disclosed in any case where three or fewer students from any particular high school attend a particular college. The content of the report is to include:

- grade point average after the initial college year;
- the percentage of students returning to college after the first and second semester of the initial college year;
- the percentage of students taking remedial courses in the basic academic subjects of English, mathematics, or reading; and
- other such data as determined by rule and regulation of the board.

Coordinating Board for Higher Education
April 8, 2004

In 1995, for the purpose of implementing the Missouri Outstanding Schools Act, the Coordinating Board approved Administrative Rule 6-CSR 10-4.040, Graduates' Performance Report. Following this established policy, the DHE staff has submitted six annual reports since 1996. These reports are based on Missouri high school graduates entering the state's system of public higher education as first-time freshmen in the fall semester of each academic year.

Contents of the Current Report

The latest annual report, being distributed in April 2004, contains information based on three different cohorts of Missouri high school graduates. These include:

- (1) the college entrance characteristics of the most recent graduates from Missouri public high schools in 2003,
- (2) the first-year college performance of high school graduates who entered Missouri public colleges and universities in 2002, and
- (3) the degree completion status of the 1997 high school graduates six years after their initial enrollment in Missouri's public higher education system.

The following is a brief summary of this report.

Demographics of New Freshmen

In 2003, a total of 23,242 Missouri public high school graduating seniors entered the state's public colleges and universities in the fall semester, including 12,541 at two-year institutions and 10,701 on four-year campuses. Of these freshmen, 55 percent are women. Overall, Caucasian students account for 84 percent (19,576), African-Americans for 8 percent (1,871), Asian-Americans for 1.5 percent (340), and Hispanics for 1.6 percent (361) of these freshmen. A comparison with the 1998 report shows that freshmen enrollment over the past five years has increased approximately 17 percent for Caucasians, 14 percent for African Americans, 20 percent for Asian-Americans, and 74 percent for Hispanics. Meanwhile, women consistently outnumber men.

Academic Preparation

In fall 2003, 69 percent of the first-time college freshmen from Missouri public high schools had taken the ACT test. Their mean ACT score of 22.1 is above the state and national averages of 21.4 and 20.8, respectively. Of all the 2003 Missouri high school graduates enrolled as full-time degree-seeking freshmen at the state's public four-year institutions, 92 percent had completed the CBHE recommended 16-unit high school core curriculum.

The percentage of first-time freshmen taking remedial courses has noticeably increased over the past year. Among the Missouri public high school graduates entering the state's public colleges and universities, the proportion enrolled in remedial mathematics increased from 23 percent in

Fall 2002 to 27 percent in Fall 2003. During the same period, the proportion enrolled in remedial English has also increased from 13 percent to 16 percent. All together, the proportion of first-time freshmen taking one or more remedial courses in Missouri public institutions has increased from 28 percent to 33 percent between Fall 2002 and Fall 2003.

Performance and Retention in College

The DHE's current report on first-year college retention is based on the 21,910 Missouri high school graduates who entered the state's public high education system in fall 2002. By the end of fall 2002, 95 percent of these students completed their first semester with a cumulative grade point of average of 2.49. By the end of spring 2003, 85 percent completed their second semester with a cumulative grade point average of 2.71. By the beginning of fall 2003, 73 percent were continuously enrolled for the second academic year. The freshman-to-sophomore retention rate for these students was 85 percent on four-year campuses and 62 percent at two-year colleges.

Degree Completion

In addition to high school graduates' college enrollment and performance, the current report also tracks progress toward degree completion. Among more than 16,000 Missouri public high school graduates who entered the state's public colleges and universities in fall 1997 as first-time degree-seeking freshmen, 37 percent received baccalaureate degrees, 10 percent received two-year or less than two-year degrees, and 3 percent received both two- and four-year degrees. All together, one-half of the Missouri high school graduates entering the state's public colleges and universities in fall 1997 graduated during the subsequent six-year period. Of those who have not graduated, approximately 14 percent are still pursuing their degrees in the state's public higher education system.

STATUTORY REFERENCE

Section 173.005 (7) RSMo., Information on the performance of the state's system of higher education.

Section 173.750 RSMo., Annual report on the performance of Missouri public high school graduates in the state's system of public higher education.

RECOMMENDED ACTION

This is an information item only.

ATTACHMENT

Chapter 173.750, RSMo., Graduates' Performance Report

Missouri Revised Statutes

Chapter 173 **Department of Higher Education** **Section 173.750**

August 28, 2003

Annual reporting of performance of graduates, furnishing of report -- procedure--data included.

173.750. 1. By July 1, 1995, the coordinating board for higher education, within existing resources provided to the department of higher education and by rule and regulation, shall have established and implemented a procedure for annually reporting the performance of graduates of public high schools in the state during the student's initial year in the public colleges and universities of the state. The purpose of such reports shall be to assist in determining how high schools are preparing students for successful college and university performance. The report produced pursuant to this subsection shall annually be furnished to the state board of education for reporting pursuant to subsection 4 of section 161.610, RSMo, and shall not be used for any other purpose.

2. The procedures shall be designed so that the reporting is made by the name of each high school in the state, with individual student data to be grouped according to the high school from which the students graduated. The data in the reports shall be disaggregated by race and sex. The procedures shall not be designed so that the reporting contains the name of any student. No grade point average shall be disclosed under subsection 3 of this section in any case where three or fewer students from a particular high school attend a particular college or university.

3. The data reported shall include grade point averages after the initial college year, calculated on, or adjusted to, a four point grade scale; the percentage of students returning to college after the first and second half of the initial college year, or after each trimester of the initial college year; the percentage of students taking noncollege level classes in basic academic courses during the first college year, or remedial courses in basic academic subjects of English, mathematics, or reading; and other such data as determined by rule and regulation of the coordinating board for higher education.

(L. 1993 S.B. 380 § 19 subsecs. 1, 2, 3)

*Contingent expiration date. See section 143.107.

CROSS REFERENCE: Report of vocational education program, high school students completing course to be combined with report required by this section, RSMo 161.610

(1996) Contingent referendum provision was found to be an unconstitutional delegation of legislative authority thereby making section 143.107 void. Akin v. Director of Revenue, 934 S.W.2d 295 (Mo.banc).

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